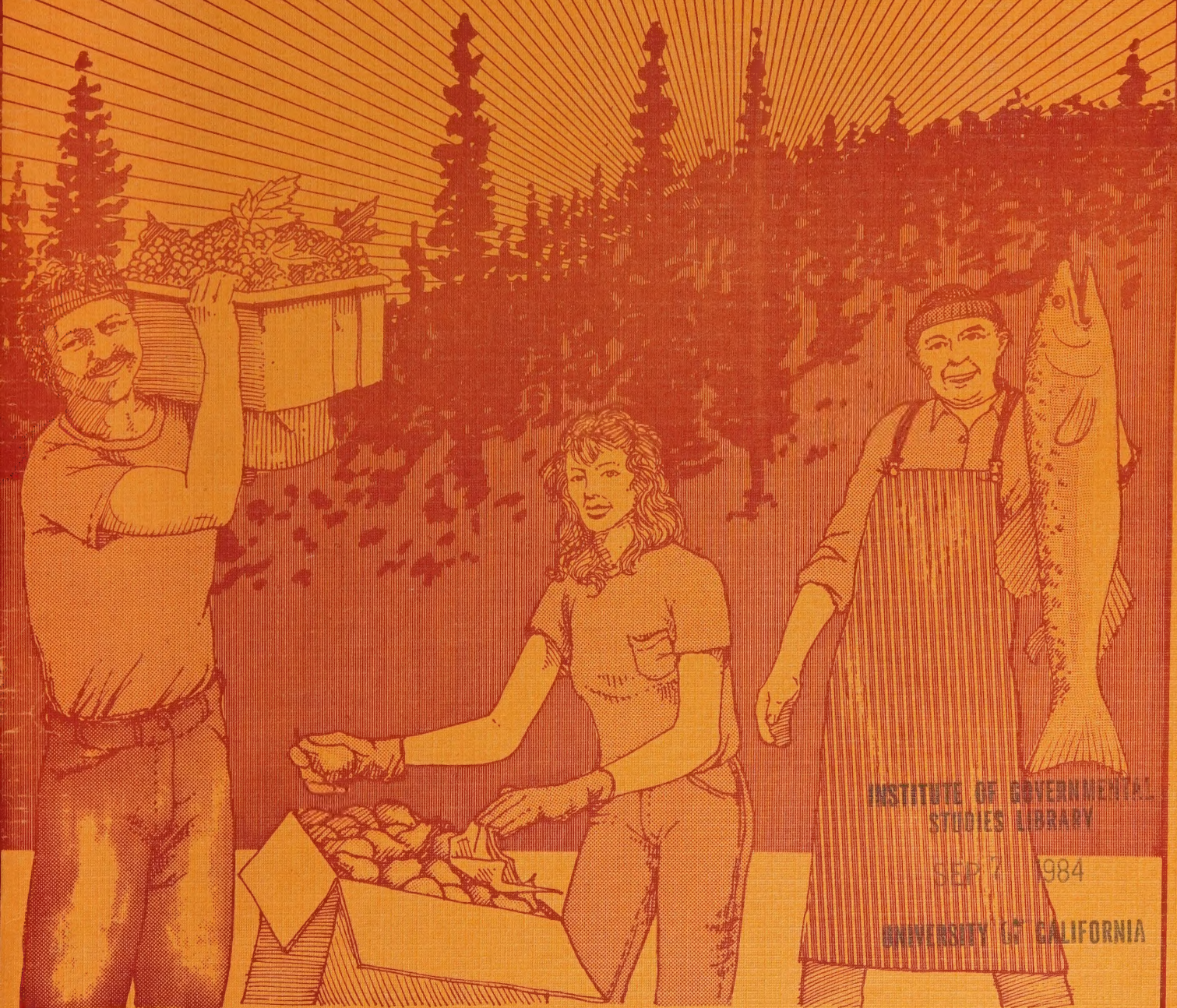


A Community Economic Development Plan for Mendocino County



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A Community Economic Development Plan for Mendocino County

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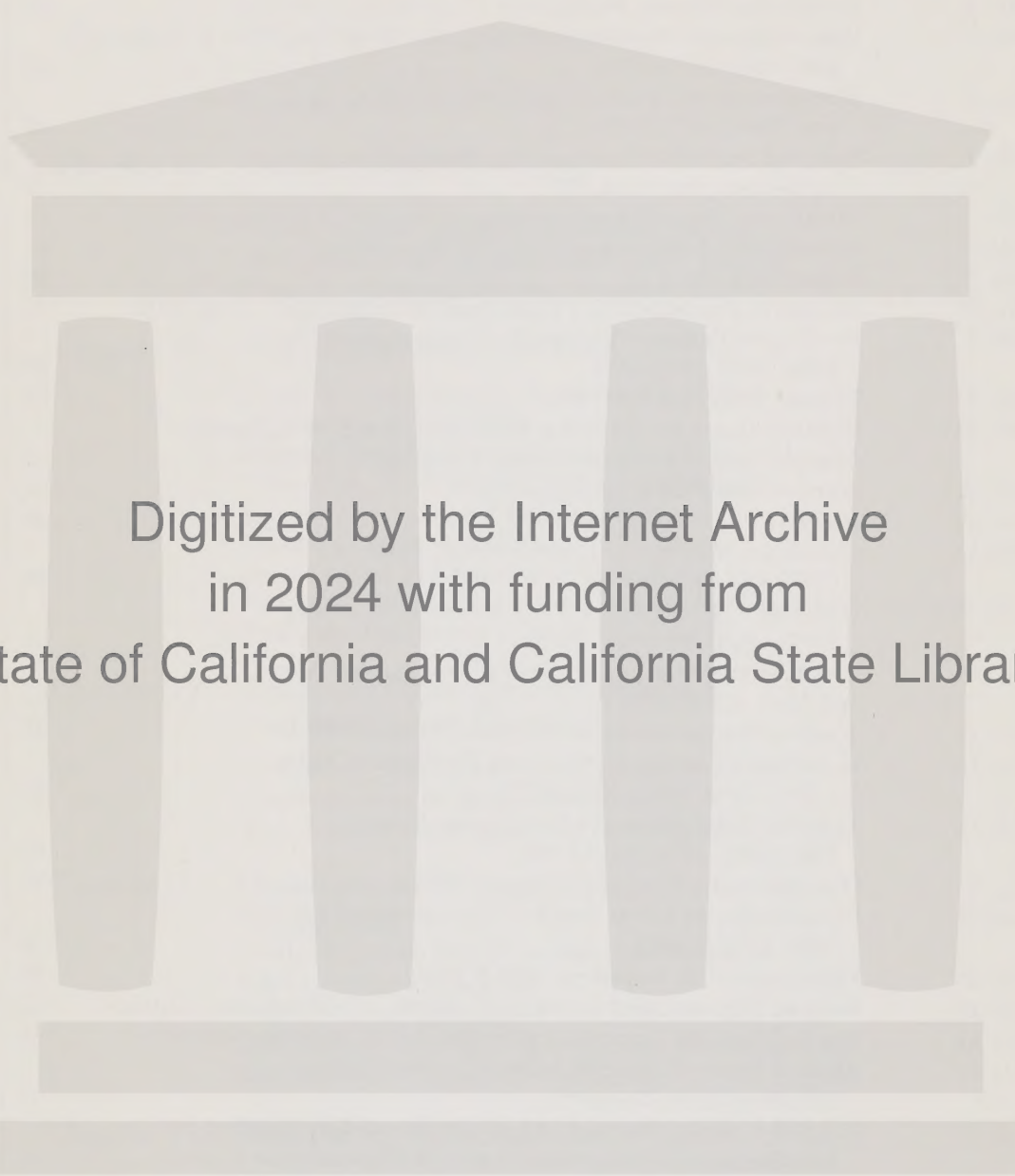
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Chapter One

The Community Economic Development Committee

"Where shall I begin?" he asked. "Begin at the beginning," the king said, "and stop when you get to the end."

Lewis Carrol, *Alice in Wonderland*

Purpose of Committee

The Community Economic Development Plan (CEDP) Committee was formed in April, 1979. The primary purposes of its formation were to:

- broaden the data base used in the development of the county's Overall Economic Development Plan (OEDP) and from this base identify the economic issues presently facing Mendocino County;
- define programs needed if these issues are to be addressed; and
- act as a catalyst for implementing these programs.

Through the planning process the committee has undertaken, it has developed certain biases which are reflected throughout the CEDP. The committee's concerns have centered on perhaps one main point, and that is *local control and direction of economic development*. More precisely this means the creation of jobs for local residents, and the development of business opportunities for local residents, which will bring about a more diversified and self-sufficient local economy.

However, this plan and the programs that are proposed in it should not be construed as to preempt Mendocino County government's responsibility for overall economic development, infrastructure development, and coordinating economic development activities within its jurisdiction. On the contrary, the committee strongly supports the county government's active involvement in economic development issues, and view this involvement as a necessary ingredient in bringing about a more dynamic county economy.

All too often, "the planning process" becomes the end itself rather than a means to an end, with "how" the planning is done becoming more important than the actual results. The committee has been aware of this pitfall and has endeavored to keep the planning process simple, straightforward, and to present a CEDP that requires active participation by local agencies and residents if it is to be effective.

The committee has used the Economic Development Administration's outline for developing an Overall Economic Development Plan as the basic outline for this plan, with one exception. The committee has added a Chapter VII, which deals with the organization required to carry out the plan. The process the committee followed was direct; it started at the beginning and when it reached the end it stopped. Time will tell whether the committee's efforts will have the desired impact.

CEDP Committee Membership

The selection of committee members was carried out by the planning staff of North Coast Opportunities, Inc., Mendocino County's Community Action Agency. The formation of the committee was approved by NCO's Board of Directors. A careful effort was made to include:

- low-income, underemployed and disadvantaged persons;
- a geographic cross section of persons; and
- persons having a professional interest in economic development.

The Community Economic Development Plan Committee is composed of the following individuals:

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Chapter Two

An Historical Assessment

"Though this be madness, yet there is method in it."

Shakespeare, *Hamlet*

An Overview

Mendocino County has had little previous history of organized, comprehensive economic development planning or programs. Economic development activities within the county during the past several years have consisted of public works/capital improvement programs, manpower training and employment programs, and low and moderate income housing efforts. While these programs have each produced an identifiable product or achieved their short range objectives, they have not been coordinated as part of any organized comprehensive economic development strategy for Mendocino County. There has been a tendency for past development efforts—however needed and worthwhile—to be unrelated to a long range strategy for creating permanent jobs for local residents, encouraging diversification of the county's seasonal economic base, leveraging state and federal funds to make maximum use of limited local resources, and coordinating county government programs with programs of other units of local government.

The following is a summary of the significant public works/capital improvement, manpower, and low income housing programs conducted in Mendocino County during the past few years. The intent of the summary is to cite accomplishments of these programs and to note their shortcomings to provide an instructive historical context for this Community Economic Development Plan.

Public Works/Capital Improvement Efforts

Public capital improvement programs are vital for the physical well being of the county's citizens, and local governments in Mendocino County have generally done a commendable job in meeting the demands for public services.

In the local community these programs have primarily helped alleviate health and safety problems, provided flood control, electrical power, recreation facilities, etc. However, public works projects taken by themselves have not and never will stimulate a local economy on any kind of permanent basis. In a macro sense they can stimulate the national, state or regional economy. They can create a demand for the manufacture of construction materials and provide jobs in the transportation sector of the economy and

the construction trades. Capital improvements *can* have a permanent local economic impact if they are linked to other development programs and if the local community has been provided the opportunity to identify its economic needs and the support to achieve them.

Some of the most recent public works/capital improvement programs include the following:

1. County Courthouse Annex, construction of a second floor:

This project was done in conjunction with a \$190,000 local public works grant from EDA, and provided an expansion of county government facilities. Although a "local job creation" rationale accompanied the justification of the project, all the contractors that successfully bid on this project are from outside the county (Sonoma and Alameda counties). The local jobs created were of the "temporary laborer" variety on the actual construction.

2. Redwood Valley Water Development Project

Financially one of the largest public works projects in the county, the development of the Redwood Valley Water District system has been ongoing since the late 1960s. Originally conceived as an agricultural irrigation project, it was subsequently modified to include 700 residential water hook-ups.

This was primarily a justification for the total cost of constructing the system (\$6,000,000). Included in this figure are Economic Development Administration (EDA) funds (\$750,000) for water treatment and \$155,000 of county revenue sharing funds.

Development of the system continues—despite the fact that this obvious conflict in primary use has not been resolved. As the system nears completion, it has become apparent that this problem has not gone away and has been aggravated. The water source for the system (Lake Mendocino) has been allocated for agricultural use in Ukiah and Redwood Valley. Provision for domestic water can be made on surplus water only. Sonoma County also has claim on Lake Mendocino water, which puts the potential domestic user in an even more precarious position during dry years.

Given that eventually some solution will be found to resolve the conflict between the potential users of Lake Mendocino water, the long term economic impact of the project has yet to be fully understood or addressed. The short term benefits are fairly obvious. While the prime contractors constructing the system were from outside the county, their "low skill, temporary labor" requirements were generally met by the local labor market. Small local contractors will, undoubtedly, provide most of the labor for hook-ups for both the system and the resulting new residential construction. The system itself provides permanent employment for three persons. Even though there is very little marginal land that could be brought under cultivation with the advent of the system, the agricultural users should enjoy higher yields per acre than previously attained.

In some instances, to receive outside public works assistance requires that local government build to a scale far beyond what is actually needed to correct a community's health and safety problems. The alternatives are then to either accept the assistance as is or not be able to correct the deficiencies with limited local financial resources only. Given this situation, it is easy to realize why local governments have

not been particularly enamored with the prospect of trying to maximize the economic impact of public works programs. To date, there has been little incentive to do so from either the state or federal level.

Manpower Training and Employment Efforts

The utilization of Comprehensive Employment Training Act (CETA) funds by both public and private non-profit agencies has, in some instances, been innovative and imaginative in addressing unemployment and underemployment problems in the county, even given the short-term nature of CETA and the limited financial resources available.

There is evidence to suggest that CETA has had an influence in stabilizing the number of welfare recipients in the county. To further encourage this stabilization, the county, in concert with NCO—the local Community Action Program (CAP) Agency—and with a local non-profit agency, Center for Education and Manpower Resources (CEMR), has initiated an employment program that should increase the use of CETA-funded employment by AFDC recipients.

This same non-profit agency has operated employment training and natural resource management programs within the county. Four of its recent programs are titled: New Careers in Reforestation; Job Creation in Wood Waste Management; New Trails; New Jobs and Salmon and Steelhead Restoration Project. These programs involved identification of potential job markets in the natural resources field and are designed to train crews in the necessary skill areas. The first two include small business operations training and offer good prospects for transition to unsubsidized employment. These programs have been funded primarily by Governor's Discretionary CETA funds. They are some of the first successful efforts identifying and creating new labor markets outside of the county's traditional natural resource extraction industries.

Outside the government sector, the employer providing the greatest number of CETA funded positions has been the local CAP, NCO. Eligible persons have received employment in a variety of human service programs, from child care to senior citizen nutrition. The agency also has developed and implemented a Community Services Administration (CSA) and Department of Energy (DOE) funded weatherization program. This program has employed eight CETA crews throughout Mendocino County to do minor home repair, correct infiltration problems and install insulation in eligible recipients' homes. In addition, the program has begun to provide solar energy retrofits on a demonstration basis. One last agency-supported project that should be mentioned is a CETA Balance-of-State funded arts and crafts feasibility study. The study, when completed, will have identified those arts and crafts which have the greatest business potential. An attempt will then be made to seek financing, both public and private, for marketing them.

While these programs have worked well, they have a common bond with all CETA funded programs. While several non-subsidized permanent jobs were created in government agencies, too many of the jobs created have proven to have a dead-end quality. Too many are of a short-term definition and have had a minimal impact in leading to new permanent job possibilities in the private sector. While CETA participants are limited in the total amount of time they can spend under this program, there is too often a "recycling of the unemployed", a situation which seems to be built into the CETA

approach to job creation. Also, this approach qualifies many persons for unemployment insurance compensation, thus further increasing the dependence on federal dollars rather than individual economic self-sufficiency.

It is apparent that too many of the past job creation efforts in rural areas like Mendocino County have failed; failed in the sense that they have not produced substantial increases in non-subsidized jobs or appreciably reduced unemployment. Furthermore, there have been few attempts to deal with some of the basic causes of the unemployment problem. Past CETA regulations have posed significant barriers to job creation in the private sector. Therefore, there has been little effort to utilize employment program resources to tie into private resources to develop the private sector, or to increase and diversify the productive employment base in the community and obtain community input in developing such a process. Instead, there has been a reliance on programs offering a quick solution—more public service jobs or an increase in public works expenditures.

Recently, Congress has revised CETA to put a much greater emphasis on private sector employment, and has greatly reduced public service employment (PSE). This shift has resulted in a new CETA emphasis on private sector employment, that could allow for new and creative approaches to increasing and diversifying the county's job market. Thus, the stage is set for new coordinated approaches to the use of CETA resources, as part of an overall economic development program.

Low and Moderate Income Housing Efforts

Mendocino County has been fortunate in having two agencies that are directing efforts towards correcting major inadequacies in low and moderate income housing in the county.

As an analysis in the next chapter of this plan will illustrate, much remains to be done in this area. But these organizations represent the beginnings of a strong management infrastructure that should have the future capability of relieving many of the problems of what amounts to a housing crisis in the county for low and moderate income families.

What follows is a brief summary of the history, programs, and plans for the future of the Mendocino County Community Development Commission and the Rural Communities Housing Development Corporation.

MENDOCINO COUNTY COMMUNITY DEVELOPMENT COMMISSION (CDC)

In 1975 the Mendocino County Board of Supervisors formed the CDC primarily in response to the federal enactment of the Housing and Community Development Act of 1974 (HCD). This new law reorganized and greatly modified HUD administered housing related categorical programs and encouraged low and moderate income programs in rural areas. The county's existing Housing Authority was combined with newly funded programs directed toward Native American housing rehabilitation, land acquisition for low income housing, and community public works to form the Community Development Commission. The first year funding for these programs totaled \$610,000. Poorly planned and managed, and without policy guidance from an unwieldy commission, the CDC's first year performance could best be described as disastrous. However, with new management, a less cumbersome commission, and an active interest by the county's

public officials, the CDC has begun to have a positive impact in correcting major deficiencies in the county's existing housing and antiquated water systems in small unincorporated villages and Indian rancherias. Second year (\$437,000), third year (\$150,000), and fourth year (\$50,000) funding have been directed toward continuing the housing rehabilitation program and correcting deficient water systems (second year only).

RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION (RCHDC)

RCHDC is a private non-profit housing development corporation. Initially sponsored by North Coast Opportunities, Inc., it was developed out of a need in the county for more and better housing opportunities for low-income families. The impetus was the availability of land acquisition funds for low-income housing, received by the county CDC in its first year grant application. The CDC is restricted from developing new housing and RCHDC has filled that void.

RCHDC has constructed a total of 104 low-income family, senior and handicapped housing units, 74 of which are located in Mendocino County and the remaining 30 units in adjacent Lake County. It has immediate plans for 42 more units in Mendocino County and 40 units in Lake County. Below is a list of the housing developments that RCHDC has accomplished to date:

● MENDOCINO COUNTY

Holly Heights apartment complex: Located in the City of Willits, the complex totals 26 units for low-income families and senior citizens. The land purchase was coordinated with the county CDC and construction financing was arranged through Farmers Home Administration. The rents are subsidized by the HUD Section 8 Program for new construction.

Walnut Village complex: This complex is located within the City of Ukiah. It has 48 units devoted to senior citizens and handicapped people. The land purchase was coordinated with the CDC and construction financing was through the HUD 202 Program. All the units' rents are subsidized by the HUD Section 8 Program.

Cypress Ridge complex: This complex is to be located in the City of Fort Bragg. These apartments are now under construction (winter, 1979) and will consist of 42 units for seniors and handicapped. Twenty-six of the units will be subsidized by HUD Section 8. These units are unique in that their hot water and a large part of their space heating requirements are to be met by an active solar energy system. Financing for the project has been through the Federal Housing Assistance Council (land purchase) and Farmers Home Administration (construction).

● LAKE COUNTY

Sunshine Manor complex located in Lakeport: It consists of 30 senior citizen and handicapped units, all subsidized by HUD Section 8. The construction financing of the complex was provided by HUD.

Highlands Village Complex in Clearlake Highlands: It consists of 40 senior and handicapped units and should be ready for occupancy by early summer 1979. Financial arrangements are essentially the same as the Sunshine Manor complex.

One of the critical problems of being able to construct affordable housing for low-income persons in Mendocino County is the high cost of land. This is not only true for apartment construction, but even more so in planning for low and moderate income single family homes. Home ownership for a very large segment of the county's families is quickly becoming an unattainable goal. RCHDC has expressed a strong interest in facilitating a home ownership development program, but has not been able to overcome the obstacle of the high cost of land per dwelling.

If the county's CDC pursues a comprehensive grant application to HUD, this could present a good opportunity for the two organizations to develop a closer working relationship than has been the case in the recent past.

To summarize: There have been identifiable short term accomplishments in Mendocino County related to economic development, but no conscious attempt to do long range planning and coordination of these efforts. There has also been a plethora of planning evidence and documentation (County C of C 1978 OEDP; County 701 Planning Report 1977; NCO 1976 VOX Survey; et al) which points to the need for ongoing, comprehensive and coordinated economic development planning and strategies. In recognition of this need, the Mendocino County Board of Supervisors passed a motion in February, 1979 designating the Mendocino Council of Governments (MCOG) as the lead agency in the county for overall coordinating, consolidating and planning of economic development activities. The council, made up of three elected officials from the county government and one council person from each of the four incorporated cities within the county, appears to be the most appropriate agency for such an undertaking.



Chapter Three

The Area And Its Economy

"The price of anything is the amount of your life you are willing to exchange for it, sooner or later."

Thoreau

This chapter is primarily concerned with the identification and documentation of key socio-economic data that describe the economy of Mendocino County. The analysis is presented with two purposes: 1) to rationalize the economic issues and potentials which are the subject of the next chapter; and 2) to serve as a basis for the detailed recommendations which follow in Chapter Five. The final section of this chapter will present summary statements of Mendocino County's economy based on the detailed analysis.

General Description of Mendocino County

Mendocino County is located in the north coastal region of the state, approximately 100 miles due north of the San Francisco Bay Area. It is bordered on the north by Humboldt and Trinity counties, on the east by Lake County, on the south by Sonoma County, and on the west by the Pacific Ocean. The county comprises 3,510 square miles of land area making it the 15th largest county in California. Mendocino has a north/south orientation, following its primary topographical feature, the Coastal Mountain Range. Looking at the county from west to east, it has a long rugged coastline which slopes sharply up to the range. In its interior, the range is broken only by a series of valleys running north and south.

Approximately two-thirds of the county's estimated population of 64,400 is located in and around these interior valleys. The city of Ukiah, the county seat, is the largest city in Mendocino County (11,000). With its central location, it is also the commercial and service hub of the county. The remaining third of the population is situated along the Mendocino Coast.

The county's second largest city, Fort Bragg (5,000), is located mid-way along the coastal slope and acts as the commercial and service center for the coast residents.

The county's primary transportation routes generally coincide with its topography. U.S. Highway 101 bisects the county east and west, following the north/south axis of the interior valleys, with the Southern Pacific Railroad roughly paralleling this route. California Highway 1 traverses the county's coast, connecting with U.S. 101 at its northern boundary. The only significant transportation which links the county to the east is California Highway 20. It begins at Highway 1 near the coastal city of Fort Bragg, cuts east through the mountains to the city of Willits at U.S. 101 and continues through Lake County, connecting with Interstate Highway 5 north of Sacramento.



Two transportation linkages of importance within the county should be mentioned. The California Western Railroad operates from the Georgia Pacific Corporation mill at Fort Bragg and terminates 35 miles to the east at the city of Willits, connecting it to the Southern Pacific system. In the summer, its schedule is increased to carry tourists to and from the coast. The other link is California Highway 128, which begins at California Highway 1, 20 miles south of Fort Bragg, and continues southeast converging with U.S. 101 at the county's southern boundary. It provides the fastest auto route to Mendocino County's coast from the Bay Area.

General Population Characteristics

Mendocino County has historically experienced substantial fluctuations in its population, primarily associated with the vitality of its timber industry. From the end of World War II until the early 1960s, the county's population had almost doubled, reflecting steadily increased growth in lumber production. However, through the decade of the 1960s, the timber industry experienced declining harvests. As a consequence, the county's population remained virtually unchanged from 1960 (51,059) to 1970 (51,101). Table I represents Mendocino County's population from 1940 to 1970 and projections for 1980 and 1990, with a comparison to the state's population over the same period of time.

Through the 1970s, the county's population has risen dramatically, in spite of a decrease in its timber industry. California Department of Finance population data indicate an average annual rate of increase in the county's population of 2.3% from 1970 to 1978, compared to the California rate of 1.3% (Table 2). Table 3 attempts to isolate the components of population change for the county and the state for 1975 through 1977. Immigration accounted for almost two-thirds of the county's increase, while the state derived just over half its increase from in-migration. Recently in-migrated households comprised 27.7% of the county's total households in 1977 (Mendocino County Needs Assessment Survey, 1977). This phenomenon is not exclusive to Mendocino County. Of the 24 California counties experiencing high rates of population growth in the 1970s, 16 are rural—located outside the States Standard Metropolitan Statistical Areas (SMSA). Precisely why this is occurring and what its long term implications are can more accurately be answered after the results of the 1980 Census are available.

According to State Department of Finance population projections to the year 2000, Mendocino County can expect a continued population growth rate almost double that of the state.

The age distribution of the county's population as of 1970 is presented in Table 4. While the county, compared to the state as a whole, had a smaller proportion of people in all categories below the age of 45, and a larger proportion in all categories above the age of 44, the 55 and older categories are perhaps the only ones where there were major deviations from the statewide distribution. Mendocino County had 22.1% in these categories, while the state figure for the same group was 17.5%. The ethnic and racial mix of the population as of 1970 is represented in Table 5. Mendocino County contained a much larger proportion of Native Americans than the state. This is due to the fact that the county has one of California's largest reservations (Round Valley Indian Reservation) within its boundaries as well as numerous small rancherias located primarily in the inland valleys. However, Blacks and those in the "other" racial category were present in

very small numbers. Spanish Americans, while not as large a proportion of the population as the state as a whole, were a significant ethnic minority in the county's population. It is significant to note that had the census been taken during the spring and summer months, when the pear and grape harvests occur, the proportion would have been substantially higher. However, the county has been dominated largely by rural Caucasians. How this is being changed by recent in-migration will have to await study until the 1980 Census.

Education, Crime and Health Characteristics

Educational achievement of the adult population of the county, when compared with that of the state, shows two significant differences as of the 1970 Census (Table 6). Generally, Mendocino County's adults had completed more years of public education than the state population as a whole. But the proportion of persons who had gone to college was higher in the state when compared to the county.

Table 7 summarizes reported crimes for Mendocino County and California in 1970 and 1978. The county's crime rates are considerably lower than the state's, with the single exception of willful homicide. However, while it is true that Mendocino County's rates are lower, it is also true that those rates have been increasing more rapidly than for the state as a whole. The county had experienced an overall increase in crime of approximately 10% annually from 1970 through 1975, compared to the state's increase of 6% over the same period. The general category where the increase is most apparent is crimes against persons, which was more than double that of the state; 16.3% annual increase in the county versus 8% in the state.

As a general indicator of the effectiveness of Mendocino County's health care, Table 8 compares the county with all the counties in the state's Health Service Agency I (HSAI) area, and California by selected mortality and morbidity rates. Generally, Mendocino County's overall mortality rate is slightly higher than that of the state and about the same as HSAI's rate. However, the county's respiratory illness related death rate is almost double that of the state's. Even more significant is the county's high rate of infant mortality. Not only is it almost twice the state's rate, but the same holds true when the comparison is made with HSAI's infant mortality rate.

The morbidity indicators show a much lower rate in the county for both the incidence of gonorrhea and diseases preventable by immunization when compared to the state.

Income and Poverty Characteristics

Mendocino County has consistently had a per capita income 20% to 25% below that of the state since 1950. Table 9 presents per capita income information of both the county and the state from 1950 through 1975. While certain items typically cost less in rural areas, the opposite is also true for other items. It is simply not possible to develop accurate cost-of-living data for the county in order to make any comparisons with California's SMSAs. However, there are three factors that might indicate a rather high cost of living in the county:

- 1. it is somewhat remote from major transportation corridors;

Text continues on page 22

Table 1

Mendocino County Population, Projection, 1940-1990

	1940	1950	1960	1970	1980	1990
Urban	6,966	12,637	17,743	17,641		
Rural	20,898	28,217	33,316	33,460		
Total	27,864	40,854	51,059	51,101	65,100	79,500
California	6,907,387	10,586,223	15,717,204	19,953,134	22,827,000	26,089,000
Mendocino/Calif.	.0040	.0038	.0032	.0025	.0029	.0031

Source:

- U.S. Bureau of Census, "Census of Population," 1940-1970.
- Projections from California Department of Finance (1980-1990).

Table 2

Population and Population Change by Geographic Area and Year (1970-1978)

Years:	County of Mendocino		State of California	
	Population	% Change	Population	% Change
1970	51,101	1.6	19,971,070	0.9
1971	51,900	1.7	21,143,100	1.1
1972	52,800	3.0	20,359,500	0.9
1973	54,400	3.5	20,552,800	1.1
1974	56,300	2.4	20,783,600	1.3
1975	57,700	2.7	21,049,900	1.5
1976	59,300	1.5	21,362,600	1.6
1977	60,200	2.1	21,713,600	1.7
1978	61,500	n.a.	22,075,200	n.a.
Average Annual Change	1,300	2.3	271,501	1.3
1980	65,100	n.a.	22,829,000	n.a.

Source:

- Estimates based on California Department of Finance Population Data.

Table 3

Components of Population Change by Geographic Area and Year (1975-1977)

GEOGRAPHIC AREA AND YEAR:	Total Population Change	INTERNAL POPULATION CHANGE				NET MIGRATION	
		Live		Net	Percent		Percent
		Births	Deaths	Internal Change	of Total Change	Number	of Total Change
<hr/>							
County of Mendocino:							
1975	1,600	970	570	400	25.0	1,200	75.0
1976	900	948	554	394	43.8	506	56.2
1977	1,300	1,022	487	535	41.2	765	58.8
State of California:							
1975	312,700	317,318	170,797	146,521	46.9	166,179	53.1
1976	351,000	332,105	171,095	161,010	45.9	189,990	54.1
1977	361,600	347,576	170,441	177,135	49.0	184,465	51.0

Source:

- Total population change data are derived from California Department of Finance.
- Live births and deaths data for the County of Mendocino and for the State of California from California Department of Health, *Vital Statistics of California*.

Table 4

Age and Sex Distribution of the Population by Geographic Area, 1970

Years of Age and Sex:	COUNTY OF MENDOCINO			STATE OF CALIFORNIA		
	Number	& of Sex	& of Total	Number	% of Sex	% of Total
MALES:						
Under 5	1,935	7.5	3.8	837,303	8.5	4.2
5 to 14	5,260	20.4	10.3	1,974,517	20.1	9.9
15 to 19	2,292	8.9	4.5	930,884	9.5	4.7
20 to 24	1,487	5.8	2.9	872,256	8.9	4.4
25 to 34	2,991	11.6	5.9	1,338,206	13.6	6.7
35 to 44	2,921	11.4	5.7	1,167,556	11.9	5.9
45 to 54	3,252	12.6	6.4	1,137,095	11.6	5.7
55 to 64	2,831	11.0	5.5	815,099	8.3	4.1
65 to 74	1,800	7.0	3.5	481,119	4.9	2.4
75 and older	953	3.7	1.9	262,650	2.7	1.3
Subtotals	25,722	99.9	50.3	9,816,685	100.0	49.2
FEMALES:						
Under 5	1,878	7.4	3.7	805,380	7.9	4.0
5 to 14	4,848	19.1	9.5	1,907,291	18.8	9.6
15 to 19	2,163	8.5	4.2	866,495	8.7	4.4
20 to 24	1,732	6.8	3.4	868,700	8.6	4.4
25 to 34	3,026	11.9	5.9	1,338,797	13.2	6.7
35 to 44	2,906	11.5	5.7	1,190,993	11.7	6.0
45 to 54	3,139	12.4	6.1	1,192,660	11.8	6.0
55 to 64	2,771	10.9	5.4	888,915	8.8	4.5
65 to 74	1,781	7.0	3.5	624,117	6.2	3.1
75 and older	1,135	4.5	2.2	433,091	4.3	2.2
Subtotals	25,379	100.0	49.7	10,136,449	100.0	50.8
MALES AND FEMALES:						
Under 5	3,813	n.a.	7.5	1,642,683	n.a.	8.2
5 to 14	10,108	n.a.	19.8	3,881,808	n.a.	19.5
15 to 19	4,455	n.a.	8.7	1,817,379	n.a.	9.1
20 to 24	3,219	n.a.	6.3	1,740,966	n.a.	8.7
25 to 34	6,017	n.a.	11.8	2,677,003	n.a.	13.4
35 to 44	5,827	n.a.	11.4	2,358,549	n.a.	11.8
45 to 54	6,391	n.a.	12.5	2,329,755	n.a.	11.7
55 to 64	5,602	n.a.	11.0	1,704,014	n.a.	8.5
65 to 74	3,581	n.a.	7.0	1,105,236	n.a.	5.5
75 and older	2,088	n.a.	4.1	695,741	n.a.	3.5
TOTALS	51,101	n.a.	100.0	19,953,134	n.a.	99.9

Source:

- County and State data were derived from *General Population Characteristics*.

Table 5

Ethnic and Racial Characteristics by Geographic Area, 1970

Racial Group:	COUNTY OF MENDOCINO		STATE OF CALIFORNIA	
	Number	Percent	Number	Percent
White	48,961	95.8	17,761,032	89.0
Black	291	0.6	1,400,143	7.0
Native American	1,433	2.8	91,018	0.5
Other	416	0.8	700,941	3.5
TOTALS	51,101	100.0	19,953,134	100.0
Ethnic Group:				
Spanish American	2,564	5.0	3,092,735	15.5

Notes:

- All data are as of the April 1, 1970 U.S. Census of Population and Housing.
- According to California Department of Finance 1976 Estimates, there has been no significant change in Mendocino County's ethnic or racial population distribution.

Sources:

- County of Mendocino and State of California data were derived from *General Population Characteristics*.

Table 6

Educational Achievement of Adult Population

Years Completed:	MENDOCINO COUNTY		STATE OF CALIFORNIA	
	Number	%	Number	%
POPULATION				
25 to 44 YEARS OLD:				
None	105	0.9	46,105	0.9
1 to 7 years	470	4.0	254,353	5.1
8 years	631	5.3	198,456	4.0
9 to 11 years	2,554	21.6	843,128	16.8
12 years *	5,002	42.3	1,833,400	36.5
13 to 15 years **	1,748	14.8	988,541	19.7
16 years ***	1,326	11.2	859,456	17.1
Totals	11,836	100.1	5,023,439	100.1
POPULATION				
45 to 54 YEARS OLD:				
None	43	0.7	22,048	0.9
1 to 7 years	450	7.2	175,781	7.6
8 years	669	10.7	166,100	7.1
9 to 11 years	1,140	18.2	417,166	17.9
12 years *	2,509	40.1	863,538	37.2
13 to 15 years **	895	14.3	382,397	16.5
16 years ***	552	8.8	297,076	12.8
Totals	6,258	100.0	2,324,106	100.0
POPULATION				
55 YEARS & OLDER:				
None	194	1.7	95,741	2.7
1 to 7 years	1,874	16.4	603,249	17.1
8 years	2,312	20.2	588,679	16.7
9 to 11 years	2,295	20.1	651,561	18.5
12 years *	2,658	23.2	869,640	24.7
13 to 15 years **	1,229	10.7	403,834	11.5
16 years ***	873	7.6	305,734	8.7
Totals	11,435	99.9	3,518,438	99.9

* Four or more years of high school

** One to three years of college

*** Four or more years of college

Source:

• United States Bureau of Census, 1970 Census of Population.

Table 7

Reported Crimes

Crime	1970		1975		Period	Annual
	Number	Rate *	Number	Rate *	Increase (%)	Increase (%)
MENDOCINO COUNTY:						
Crimes against Persons:						
Willful Homicide	1	1.9	8	13.9	800.0	51.6
Forcible Rape	8	15.6	9	15.7	11.3	2.4
Robbery	13	25.3	24	41.8	84.6	13.0
Aggravated Assault	72	140.4	159	277.0	120.8	17.2
Subtotal	94	183.2	200	348.4	112.8	16.3
Crimes against Property:						
Burglary	589	1,148.1	932	1,623.7	58.2	9.6
Theft (\$200 and over)	139	271.0	208	362.4	49.6	8.4
Motor Vehicle Theft	98	191.0	151	263.1	54.1	9.0
Subtotal	826	1,610.1	1,291	2,249.1	56.3	9.3
Totals	920	1,793.4	1,491	2,597.6	62.1	10.1
STATE OF CALIFORNIA:						
Crimes against Persons:						
Willful Homicide	1,355	6.8	2,196	10.4	62.1	10.1
Forcible Rape	6,992	35.0	8,787	41.6	25.7	4.7
Robbery	41,397	207.0	59,747	283.0	44.3	7.6
Aggravated Assault	44,603	222.9	67,670	320.5	51.7	8.7
Subtotal	94,347	471.7	138,400	655.5	46.7	8.0
Crimes against Property:						
Burglary	348,575	1,742.6	468,433	2,218.7	34.4	6.1
Theft (\$200 and over)	71,838	359.1	136,522	646.6	90.0	13.7
Motor Vehicle Theft	137,629	688.1	132,933	629.6	-3.4	-0.7
Subtotal	558,042	2,759.8	737,888	3,494.9	32.2	5.7
Totals	652,389	3,261.5	876,288	4,150.5	34.3	6.1

* "Rate" refers to rate per 100,000 persons. Department of Finance population figures were used as the base for rate computations.

Source:

- California Department of Justice, Division of Law Enforcement, *California Comprehensive Data Systems, Criminal Justice Profile, 1975.*

Table 8

Mortality and Morbidity Indicators by Geographical Area, 1976 (Rate 100,000 Pop.)

	Mendocino	HSAI*	California
Mortality:			
Heart Disease	296.1	317.2	279.8
Malignant Neoplasms	174.3	201.3	167.5
Cerebrovascular Disease	69.4	90.0	81.7
Respiratory Disease	94.8	79.2	50.0
Transport Accidents	42.3	45.2	24.2
Suicide	23.7	21.1	17.6
All Infant	20.0	12.2	12.4
Total Population	9.4	9.5	7.9
Morbidity:			
Gonorrhea	240.3	272.6	584.7
Disease Preventable by Immunization **	13.5	33.1	24.5

* Health Service Agency I—includes Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity counties.

** Includes Diphtheria, Measles, Mumps, Rubella, and Tetanus.

Sources:

- State of California, Department of Health, Office of Statewide Health Planning and Development.

2. its economy is specialized and somewhat depressed; and
3. much of its economy is based on resort and recreation activities.

Table 10 illustrates the income distribution pattern for families and unrelated individuals in the county and the state in 1970. While both areas were about the same in the family income category of \$9,000 to \$11,999, generally the county was poorer than the state. At the lower end of the distribution, that is less than \$6,000; the county had about a third more families than California as a whole, and had less by a third the proportion of families earning from \$15,000 to \$24,999. Approximately 62% of the county's unrelated individuals had incomes of less than \$3,000, while the corresponding figure for the state was 48%. These numbers clearly indicate a high level of poverty in the county.

The poverty data in Table 11 was developed from an extensive needs assessment survey conducted by the Mendocino County Economic and Social Planning Project in 1976. This was a joint effort of county government and the county's Community Action Agency, North Coast Opportunities, Inc., which was funded by an HEW local capacity building grant. The survey scientifically sampled approximately 7½% of the county's households. The poverty statistics presented show the county's households' overall rate of poverty was 19.3%. This is an increase from the 1970 Census rate of 15.5%. California's proportion of poverty households was 11.9% in 1970.

In attempting to more clearly understand where the county's poverty is most prevalent, Table 11 represents poverty and near poverty percentages by household type. Under "household group," unrelated individuals and single parents both male and female had an extremely high incidence of poverty and near poverty. 52% of unrelated individuals, 63.9% of male single parents, and 54.8% of female single parent households were below or near poverty. Ethnic and racial minorities had a high rate of poverty and near poverty, with Native American and Spanish American households showing 60.5% and 75.0% respectively. Of the over-65 age head of households category, 21.1% were at or below the poverty level and 21.5% were near poverty. Over-65 households constitute 17.7% of all the county's households.

In order for the reader to visualize the community divisions used in Table 11, a map has been included with the table. Generally, the communities along the coast had extreme incidences of poverty. The proportion of households at or below poverty in the Albion-Elk division was 43.5%, in the Westport-Rockport division 40.7%, and in the Mendocino-Caspar division 31.1%, with the remainder of the coastal community divisions at least above the total county rate. The other communities with disproportionately high poverty levels were Hopland (26.9%) in the south inland and Laytonville (28.6%) and Leggett-Cummings (27.3%) in the north.

Housing Characteristics

Household size is an important factor, because as households become smaller, more housing units are required to house a given number of persons. In California and throughout the country there has been a marked trend toward reduced household size. This has occurred because post World War II "baby boom" persons are at the age in which households are formed, because marriage rates are falling and divorce rates rising and because the number of children a family unit will have has decreased. Reduced

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Table 9

Per Capita Personal Income by Geographical Area, 1950, 1962, 1965-1975

Year	Mendocino County (\$)	California State (\$)	Percent Mendo./Calif
1950	1,516	1,857	81.6%
1962	2,240	2,901	77.2%
1965	2,644	3,266	81.0%
1966	2,612	3,464	75.4%
1967	2,719	3,663	74.2%
1968	2,986	3,979	75.0%
1969	3,246	4,241	76.5%
1970	3,493	4,489	77.8%
1971	3,614	4,711	76.7%
1972	4,064	5,043	80.6%
1973	4,468	4,497	81.2%
1974	4,851	6,081	79.8%
1975	5,258	6,576	79.9%

Sources:

- Income from U.S. Department of Commerce
- Population from California Department of Finance Population Research.

Table 10

Income Distribution (1970)

Income Level (\$)	MENDOCINO COUNTY		CALIFORNIA STATE	
	Number	%	Number	%
FAMILIES:				
1 to 2,999	1,549	11.8	404,326	8.1
3,000 to 5,999	2,355	17.9	680,346	13.6
6,000 to 8,999	2,824	21.4	871,501	17.4
9,000 to 11,999	2,584	19.6	947,464	18.9
12,000 to 14,999	1,777	13.5	763,148	15.3
15,000 to 24,999	1,728	13.1	1,029,394	20.6
25,000 to 49,999	316	2.4	257,628	5.2
50,000 and over	46	0.3	47,448	0.9
Totals	13,179	100.0	5,001,255	100.0
UNRELATED INDIVIDUALS:				
1 to 2,999	3,036	62.1	1,116,567	48.0
3,000 to 5,999	915	18.7	529,406	22.7
6,000 to 8,999	549	11.2	357,068	15.3
9,000 to 11,999	226	4.6	171,667	7.4
12,000 to 14,999	67	1.4	73,816	3.2
15,000 to 24,999	66	1.4	57,619	2.5
25,000 to 49,999	22	0.5	16,809	0.7
50,000 and over	6	0.1	4,547	0.2
Totals	4,887	100.0	2,327,499	100.0

Source:

- United States Bureau of the Census, *1970 Census of Population, General Social and Economic Characteristics.*

Table 11

Poverty Status by Household Group, Ethnic Background, Age of Head of Household, and Community for 1976

Household Types	Percent Household Type	Percent Below Poverty*	Percent Near Poverty**	Percent Above Near Poverty
Household Group:				
Individual	12.9	25.7	26.3	47.9
Group Living	3.9	27.5	13.7	58.8
Males Single Parent	2.6	52.8	11.1	36.1
Female Single Parent	6.4	40.5	14.3	45.2
Other Household Type	74.2	14.6	9.8	75.6
	100.0			
Ethnic Background:				
Caucasian	92.2	17.4	12.1	70.4
Native American	3.4	44.2	16.3	39.5
Black	0.5	28.6	— —	71.4
Spanish American	1.6	45.0	25.0	30.0
Other Ethnic	2.3	29.0	8.3	62.5
	100.0			
Age of Head of Household:				
Under 18	0.3	— —	25.0	75.0
18-45	50.7	21.9	10.9	67.2
46-55	17.6	18.9	7.5	73.7
56-65	13.7	7.3	12.8	79.9
Over 65	17.7	21.1	21.5	57.5
	100.0			
Community:				
Ukiah-Talmage	34.1	12.7	11.9	75.4
Calpella-Redwood Valley	8.0	10.4	9.4	80.2
Potter Valley	2.3	25.0	3.1	71.9
Willits	11.1	24.0	10.9	65.1
Laytonville	2.6	28.6	14.3	57.1
Round Valley	3.0	14.3	21.4	64.3
Leggett-Cummings	1.6	27.3	18.2	54.5
Westport-Rockport	2.0	40.7	14.8	44.4
Ft. Bragg-Noyo-Cleone	15.8	20.2	11.7	68.1
Mendocino-Caspar	7.9	31.1	10.4	58.5
Albion-Elk	1.8	43.5	21.7	34.8
Pt. Arena-Manchester	5.2	21.5	15.4	63.1
Anderson Vly.-Navarro	2.6	16.7	16.7	66.7
Hopland	2.0	26.9	23.1	50.0
	100.0			
All County	100.0	19.3	12.4	68.3

Source:

- Mendocino County Economic & Social Planning Survey, December, 1976

* "Poverty" is defined by Federal CSA Guidelines.

** "Near Poverty" is defined as an income less than 125% of the poverty.

household size, however, is mitigated by the number and size of housing units available, and is strongly affected by the age and income distributions of the population.

Mendocino County is no exception to the trend toward reduced household size, but to a lesser degree than California. Table 12 shows 1970 and 1977 data that are used to derive average household size. In 1970, Mendocino County had a household size average slightly less than that of the state. However, by 1979, the county's household size was greater than the state's. One of the factors that could account for this is the county's increase in poverty households and generally poor income distribution relative to the state.

Table 13 presents the annual growth rate for housing in the county, its incorporated cities and its unincorporated area in comparison to California between 1970 and 1977. The overall county growth rate for that period was 3.6% as compared to the state rate of 2.7%. Areas within the county experiencing high rates of growth were the City of Ukiah (3.4%) and the unincorporated area (4.0%).

A factor which has a propensity to skew all housing data for the county should be mentioned here. A significant portion of housing recently built in Mendocino County has been second homes. These homes, because of price or inaccessibility to work, are not available to year-round residents of the county. The only data that identifies second homes in the local housing market are the 1970 Census figures on vacancy rates. In 1970, the "other vacant" category for Mendocino County was 1,639 homes (see Table 15), which were primarily second homes. If the county's housing growth rate of 3.6% is applied to this figure up to 1977, an estimate of 1980 second homes is derived. Subtracting these homes from the county's housing stock shows the growth rate for housing available for county residents down to 3.2%. Whether this is adequate to meet the housing needs of the county's expanding population is questionable.

A factor that might tend to mitigate the impact of the data concerning second homes is the incidence of non-code owner-built housing. At this time, however, no accurate accounting of these homes and their facilities is possible.

Table 14 presents the change in housing unit types from 1970 through 1978 within Mendocino County. There has been a definite shift from single family unit construction toward multiple family units and to a much greater extent toward mobile homes. In 1970, 82.9% of the county's housing units were single family dwellings, 9.6% were multiple family units, and 7.5% were mobile homes. By 1978, 73.9% were single family dwellings, 11.4% were multiple family units and 14.8% were mobile homes. This increase in mobile home use also represents the most significant change in California's overall housing mix. In 1970, 2.8% of the state's housing units were mobile homes. This had changed to 4.4% by 1978. It appears that families of low or moderate means must rely on mobile homes for economical housing more and more as the cost of conventional housing increases in the county.

Table 15 presents tenure, condition of housing and vacancies for the State of California and Mendocino County. As might be expected in a predominantly rural county, renters compose a relatively small proportion of households (36.4%) in comparison to owners (63.6%).

Estimates of substandard housing for Mendocino County have been derived from two sources. The term itself is not used consistently by housing analysts. However, it means housing that is in need of physical repair, beyond that normally covered by maintenance, or lacks certain minimal facilities, such as heating or plumbing. The

California Statewide Housing Plan, 1977 utilized estimates from the 1973 *California Statewide Housing Element*. Since the 1970 Census did not gather data specifically denoting "substandard housing," the 1973 report contained an analysis of substandard housing which was based on 1960 Census data, local surveys, and a composite of certain data in the 1970 Census; primarily, units lacking some or all plumbing facilities.

The proportion of substandard housing in Mendocino County, according to the 1973 report, was 28.6%, compared with 13.5% statewide. While "units lacking some or all plumbing facilities" is a conservative estimate of substandard housing, it is the best single indicator for which 1970 Census data is available. As shown in Table 15, such units accounted for 3.7% of the county housing stock in 1970, compared with 2.1% for California. It is clear that substandard housing was a serious problem in Mendocino County in 1970.

The most detailed vacancy rate information available is from the 1970 Census and is presented in Table 15. The gross vacancy rate was 12.6% for the county and 6.0% for the state. "Other vacant" units comprised 8.7% and 2.5% of all units, while units "vacant for rent" comprised only 2.6% and 2.5% of all units for the same two geographical areas. As was mentioned previously, the category "other vacant" is primarily second homes, but also includes units rented or sold awaiting occupancy and those vacant for other reasons such as units that are uninhabitable or being repaired.

The California Department of Finance estimates a 1977 gross vacancy rate of 10.8% for the county, or 2,601 units vacant. In order to estimate a "vacant for rent" rate for 1977, it is assumed that the "other vacant" and "vacant for sale" categories have increased at the county's housing growth rate of 3.6%, and that the "vacant seasonal and migratory" has remained as it was in 1970. In doing this computation, the figure of 2,254 units is reached. Subtracting 2,254 from the gross vacancy figure of 2,601 leaves 347 housing units which were vacant for rent in 1977, or a rental vacancy rate of 1.4%. This is entirely consistent with local conventional wisdom concerning the non-availability of housing within the county.

Employment and Economic Activity

Mendocino County's economy is based on three industries: logging and lumber manufacturing, tourism, and agriculture. All three are highly seasonal in nature, with the summer months generally having a higher level of economic activity than the winter months. Table 16 presents the county's monthly unemployment rate from January, 1974 to December, 1978 and California's rates for the same period as a means of comparison. The predominance of these industries in the economy has caused Mendocino County to experience a rather severe seasonal unemployment problem. Furthermore, the lumber and timber products industry is typically highly sensitive to fluctuations in the national economy. The consequences of the slowdown in the nation's economy in 1974 were disastrous for the county's employment in 1975. The county's 1975 average unemployment rate was 14.8%, fluctuating between 9.6% (August, 1975) and 22.3% (January, 1975). During 1979, there have been numerous indications that the nation could be headed for a replay of the 1974 recession. If this comes true, Mendocino County can expect a much higher rate of unemployment than it normally experiences.

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Table 12

Number and Size of Households

	County Unincor- porated Area	Total Mendocino County	State
April 1, 1970:			
Persons in Households	31,307	48,597	19,374,198
Persons in Group Quarters	2,153	2,504	578,936
Total Population	33,460	51,101	19,953,134
Number of Households	10,406	16,538	6,573,861
Average Household Size	3.009	2.939	2.947
January 1, 1977:			
Persons in Households	39,252	59,254	21,107,618
Persons in Group Quarters	450	975	562,583
Total Population	39,702	60,229	21,670,201
Number of Households	13,915	21,481	7,815,797
Average Household Size	2.821	2.758	2.701

Source:

- 1970 data were taken from 1970 Census First Count Summary Tapes, and *Housing Characteristics*
- 1977 data were taken from California Department of Finance, "Controlled Population Estimates"

Table 13

Number of Housing Units

Geographic Area:	Number of Housing Units April 1, 1970	Number of Housing Units January 1, 1977	Growth Rate (%)
State of California:	6,996,990	8,362,601	2.7
Mendocino County:			
Fort Bragg	1,781	1,990	1.7
Point Arena	*	*	*
Ukiah	3,539	4,432	3.4
Willits	1,142	1,403	3.1
All Cities	6,462	7,825	2.9
Unincorporated Area	12,452	16,264	4.0
Total County	18,914	24,089	3.6

* Included in "Unincorporated Area".

Note: "Growth Rate (%)" is the estimated average annual compound growth rate.

Sources:

- 1970 county and state data were taken from Housing Characteristics
- All 1977 data were taken from California Department of Finance, "Controlled Population Estimates"

Table 14

Housing Units by Geographic Area, Type and Year (1970 and 1975-1978)

Type of Unit and Year	COUNTY OF MENDOCINO		STATE OF CALIFORNIA	
	Number	Percent	Number	Percent
Single Family Units:				
1970	15,673	82.9	4,681,165	66.9
1975	17,287	77.7	5,031,670	62.6
1976	17,632	76.1	5,108,339	62.4
1977	18,051	74.7	5,216,502	62.4
1978	18,578	73.9	5,369,831	62.3
Units in 2- to 4-unit Structures:				
1970	962	5.1	657,523	9.4
1975	1,344	6.0	826,525	10.3
1976	1,417	6.1	837,178	10.2
1977	1,494	6.2	852,120	10.2
1978	1,581	6.3	874,271	10.2
Units in 5- or More Unit Structures:				
1970	857	4.5	1,468,731	21.0
1975	1,024	4.6	1,875,169	23.3
1976	1,136	4.9	1,911,622	23.3
1977	1,204	5.0	1,949,889	23.3
1978	1,274	5.1	2,001,690	23.2
Subtotal, Multiple Units:				
1970	1,819	9.6	2,126,254	30.4
1975	2,368	10.6	2,701,694	33.6
1976	2,553	11.0	2,748,800	33.6
1977	2,698	11.2	2,802,009	33.5
1978	2,855	11.4	2,875,961	33.4
Mobile Homes:				
1970	1,422	7.5	192,543	2.8
1975	2,597	11.7	305,658	3.8
1976	2,980	12.9	326,258	4.0
1977	3,424	14.2	351,827	4.2
1978	3,714	14.8	375,904	4.4
Total Housing Units:				
1970	18,914	100.0	6,999,962	100.0
1975	22,252	100.0	8,039,022	100.0
1976	23,165	100.0	8,183,397	100.0
1977	24,173	100.0	8,363,861	100.0
1978	25,147	100.0	8,613,388	100.0

Source:

- Housing Units by Type, California Department of Finance

Table 15

Housing Vacancies, Tenure & Lacking Plumbing by Geographic Area, 1970

Status of Unit:	Mendocino County	California State
<i>Occupied year-round:</i>		
Owner Occupied	10,512	3,611,347
Percent of occupied units	63.6	54.9
Renter occupied	6,026	2,962,514
Percent of occupied units	36.4	45.1
Total occupied	16,538	6,573,861
Percent of all units	87.4	94.0
<i>Vacant year-round:</i>		
Vacant for sale	100	48,465
Percent of all units	0.5	0.3
Vacant for rent	488	177,767
Percent of all units	2.6	2.5
Other vacant	1,639	176,651
Percent of all units	8.7	2.5
Total vacant year-round	2,227	402,883
Percent of all units	11.8	5.8
<i>Vacant seasonal and migratory:</i>		
	149	20,246
Percent of all units	0.8	0.3
Total vacant	2,376	423,129
Percent of all units	12.6	6.0
Totals (all units)	18,914	6,996,990
Percent lacking some plumbing	3.7	2.1

Source:

- U.S. Bureau of Census 1970, *Housing Characteristics*

The dominant feature of Mendocino County's economy is the lumber and wood products industry. Its economy depends almost entirely upon this single industrial sector, a situation that has changed little since 1850. This dependence does not bode well for the future of the county's economy. The USDA Forest Service Resources Bulletin PNW-35, *California's Forest Industries—Prospects for the Future*, illustrates the decline in the timber harvest in the state's North Coastal Subregion (includes Mendocino, Humboldt, Del Norte, Trinity, and Siskiyou counties) from a high of 3.3 billion board feet in 1959 to a current 2.2 billion board feet.

This decline is projected to continue at least through the year 2000 to 2.0 billion board feet. The report further projects a 62% decline in lumber and wood products employment from 1965 to 2020. The report concludes, "For those subregions whose major basic industry is dependent upon the forest resource, the implications are clear. The days of economic growth—or stability—through increase or maintenance of timber harvest levels are past for those subregions; the trend in timber-based employment is downward. Those subregions must look to diversification to a broader based economy if they are to participate in the future growth and prosperity of California."

Table 17 presents the timber production in Mendocino County from 1960 to 1977 and value added to that production for 1965 and 1973 to 1977. The trend of timber production levels was decidedly downward. However, the value added to production has increased markedly in recent years. This can be attributed to the increased cost of production in a rapidly inflating economy. Mendocino County's agricultural sector is presented in Table 18. From 1961 to 1977 the value of agricultural production in the county has steadily increased, with the exception of 1975. While only contributing about 3% of the county's total agricultural production value, nursery production has had a significant growth pattern from 1970 to 1977. A definite factor in this is the beneficial coastal climate of the county for the growth of ornamental plants such as azaleas, rhododendrons, ferns, and fuchsias.

Tourism and recreation have increased rapidly in recent years in Mendocino County. The county's abundance of scenic natural resources, its forests, coastal parks and vistas are a strong attraction to persons from more urbanized parts of California and the nation.

The county's 1978 OEDP has estimated that the total value of tourism to the county's economy is \$36,820,000. This estimate was based on the room tax and campground spaces utilized in 1977. Table 19 presents taxable sales transactions in Mendocino County from 1960 through the fiscal year 1977-78. From 1971 to 1977 taxable sales had increased by 243%. It is highly conjectural to estimate what portion of those sales were tourist related, but using 1971 as a base year if we assume: 1) very little of 1971 sales were tourist related; 2) an annual inflation rate of 10% and 3) an annual rate of population increase at 2.3%; a 1977 tourist value of \$42,000,000 is derived. In either case, tourism is a significant part of the county's economy.

Table 20 presents employment by occupational group for Mendocino County and the state for 1970. Relative to California, the county has a low percentage of professional and technical workers and clerical workers, a high percentage of low or semi-skilled laborers, farm workers, service workers, and sales workers. Most of these differences can be attributed to the nature of the county's economy. The increase in service workers is

primarily related to the increased tourism and government employment in the county. Table 21 presents the county's employment distribution by occupational groups for 1960, 1970 and 1978. Service related employment has continued to increase and in 1978 represented one worker out of five in the labor force. *The Labor Demand Profile*, 1978, produced by the Mendocino County Superintendent of Schools, estimated a 300% increase in public and quasi-public service workers between 1972 and 1976. Also, it estimated local and federal government employment increased over 200% during the same period. This would indicate the increasing importance of the public sector in the county's economy. With the enactment of the Jarvis-Gann initiative, however, the ability of the public sector of the economy to absorb large numbers of workers will be greatly curtailed.

Table 22 presents the county's employment distribution by industry for 1970, 1976 and 1978. During that period there had been substantial increases in employment in government, the retail and wholesale trades, and services. However, agricultural and wood products related employment, the traditional mainstays of the county's economy, had remained static in numbers of employees and decreased in relation to the county's employment mix.

Household Needs Assessment Related to Economic Development

Throughout the preceding sections of this chapter there has been an attempt to present an objective view of the county's socio-economic factors which affect "the area and its economy." This final section will deal with what Mendocino County households perceive their needs to be, how they view the needs of their respective communities, what long term changes they would like to see happen in the county and how they view local government involvement in fulfilling those needs. People generally do not arrive at such an assessment through an objective process. It is tainted by their own personal biases, expressed views of their neighbors and friends, simple observation of their environment, and/or an indefinable gut feeling. However, if these subjectively derived needs are correlated with objective analysis, one should be able to state with a reasonable amount of certainty that particular needs exist.

The data utilized for this section was developed by the Mendocino County Economic and Social Planning Projects *Needs Assessment Survey*, 1976. In addition to collecting demographic data from the sample households, questions were asked concerning household and community needs. While all the need categories could be construed as having at least a peripheral bearing on economic development, some are directly linked.

There are 21 need categories in Tables 23 and 24. Of these, the categories most closely tied to a need for economic development are: employment opportunities, supplementary income, more and better housing and job training. Table 23 ranks the households' most immediate needs, from the most to the least responses for each category. "Employment opportunities" and "supplementary income" categories ranked third and fourth respectively as the most immediate household need. "More and better housing" ranked first and "job training" ranked fifth. The "supplementary income" and "employment opportunities" categories ranked third and seventh.

Text continues on page 45

Table 16

Unemployment Rates by Month, Geographic Area and Year (1974-1978)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	July	Aug.	Sep.	Oct.	Nov.	Dec.	Av.
County of Mendocino:													
1974	14.5	14.6	12.9	12.1	8.0	7.9	9.1	7.1	8.0	10.3	13.8	19.5	11.5
1975	22.3	20.6	19.1	16.3	11.4	11.6	11.5	9.6	11.7	11.4	14.9	16.7	14.8
1976	17.9	14.4	13.9	12.5	7.0	8.4	10.1	9.0	9.4	9.0	12.6	12.7	11.4
1977	15.9	13.5	14.1	11.0	9.0	7.9	7.7	7.0	7.2	9.2	11.7	11.7	10.5
1978	14.1	13.0	13.1	10.7	8.5	8.0	8.4	6.8	6.8	6.2	7.7	10.6	9.5
State of California:													
1974	6.7	6.9	6.6	6.7	6.6	7.2	7.5	7.1	7.7	7.7	7.9	8.7	7.3
1975	9.4	9.6	10.0	9.9	10.1	10.2	9.9	9.7	10.0	9.6	9.7	9.9	9.8
1976	9.8	9.0	8.9	8.8	8.6	8.7	9.2	9.3	9.2	9.7	10.0	9.0	9.1
1977	8.9	8.5	8.5	8.7	8.6	8.6	8.1	8.2	8.0	7.8	8.0	6.9	8.2
1978	7.0	7.7	7.8	7.4	7.6	7.3	7.6	7.2	6.7	6.4	6.1	6.3	7.1

Sources:

- State of California, Employment Development Department, Northern Employment Data and Research Unit
- California State Employment Development Department, Statewide Labor Market Analysis Group

Table 17

Timber Production in Mendocino County 1960-1977 (in Millions of Board Feet & Gross Value)

Year	Million Board Feet	Gross Value Added at Mill (\$000)
1960	635	--
1961	683	--
1962	727	--
1963	634	--
1964	611	--
1965	540	67,272
1966	487	--
1967	493	--
1968	561	--
1969	525	--
1970	--	--
1971	491	--
1972	540	--
1973	530	60,935
1974	510	77,892
1975	491	63,770
1976	573	94,562
1977	565	127,125

Sources:

- Department of Conservation,
Division of Forestry
- Mendocino County Department
of Agriculture

Table 18

Mendocino County Agriculture Production Value (\$000s) For 1961, 1965, 1970, 1974-1977

Year	Fruit and Nut Crop	Livestock & Poultry	Field Crops	Veg. Crops	Apiary	Nursery	Total Value	Cannabis Crop (est.)
1961	2,763	1,793	1,121	85	2	40	8,392	— —
1965	5,588	4,110	2,534	113	16	104	12,466	— —
1970	7,470	4,731	3,539	135	13	195	17,083	— —
1974	15,025	4,631	5,717	125	20	404	25,923	*
1975	12,349	4,450	6,022	110	16	504	23,451	*
1976	12,929	5,083	7,264	130	20	692	26,117	*
1977	14,880	5,888	5,469	115	24	749	27,125	9,000*

* Due to recent media exposure concerning commercial marijuana production in Mendocino County, it is felt some attempt should be made to quantify its economic impact on the county. Because of its illegality, no consistent data is available. No attempt was made to compile primary source data. The 1977 estimate was derived from secondary sources only. Significant commercial cultivation appears to have started around 1973, but no effort has been made to illustrate the industry's growth pattern. The 1977 estimates of crop value to the growers in Mendocino County run from a high of \$25,000,000 to a low of \$9,000,000. The more conservative figure has been used in this table. As a means of comparison, the value of the county's total grape production for 1977 was \$8,750,000.

Source:

- Mendocino County Department of Agriculture, *Agricultural Crop Report*

Table 19

**Taxable Transactions
in Mendocino County
1960, 1965, 1971, 1974-1978 (\$000s)**

Year	Retail Stores	All Other Outlets	Total All Outlets
1960	42,304	11,252	53,556
1965	58,973	14,644	73,617
1971	81,046	28,510	109,556
1974	124,939	43,909	168,848
1975	138,336	51,990	190,326
1976	159,774	63,093	222,867
1977	193,591	72,775	265,276
1978*	208,947	76,344	285,291

* 1978 figures based on 1977-1978 fiscal year data; all other are annual figures.

Sources:

- State Board of Equalization, *Taxable Sales in California*
- State Board of Equalization, *Statistical Appendix*

Table 20

Occupation by Geographic Area, 1970

Occupation:	COUNTY OF MENDOCINO		STATE OF CALIFORNIA	
	Number	Percent	Number	Percent
Professional, technical and kindred workers	2,286	13.2	1,302,566	17.5
Farmers and farm managers	321	1.8	45,450	0.6
Managers, officials and proprietors, except farm	1,643	9.5	696,290	9.3
Clerical and kindred workers	2,317	13.4	1,479,679	19.8
Sales workers	864	5.0	595,877	8.0
Craftsmen, foremen and kindred workers	2,357	13.7	968,435	12.9
Operatives and kindred workers	2,602	15.1	1,025,683	13.7
Service workers	2,769	16.1	945,810	12.6
Farm laborers and farm foremen	424	2.5	116,767	1.6
Laborers except farm and mine	1,650	9.6	308,133	4.1
Totals	17,233	99.9	7,484,690	100.1

Sources:

- U.S. Bureau of Census 1970, *General Social and Economic Characteristics*

Table 21

**Distribution of Labor Force
by Occupational Group:
1960, 1970 & 1978 (in percentages)**

Occupational Group	1960	1970	1978
Services	10.0	16.1	21.1
Craftsmen, Foremen, Related	14.4	13.7	12.5
Clerical	10.3	13.4	16.1
Professional, Technical, Kindred	12.3	13.3	13.8
Operatives (exc., trans.)	13.8	10.2	6.2
Non-Farm Laborers	11.4	9.6	7.2
Managers	10.1	9.5	8.5
Sales	6.0	5.0	4.2
Transport Operatives	4.7	4.9	5.0
Farm Laborers	3.1	4.3	5.1
Farmers and Farm Managers	3.9	*	*

Source:

- Mendocino County Manpower Report, pp. 15 & 17

* Farmers & Farm Managers included "Managers" category for 1970 and 1978.

Table 22

Employment by Industry, 1970 & 1976

Industry	1970		1976		1978	
	Number	Percent	Number	Percent	Number	Percent
Agriculture Production & Processing (incl. Fishing)	1,357	7.9	1,388	6.8	1,275	5.7
Lumber & Wood Products	3,642	21.1	3,668	17.9	3,675	16.5
Other Manufacture	2,111	12.2	1,630	8.0	1,725	7.8
Finance, Insurance, Real Estate	325	1.9	554	2.7	650	2.9
Government (Local, Fed., State)	1,995	11.6	4,183	20.5	4,350	19.6
Trade (Whsl. & Retail)	3,271	19.0	4,283	20.9	4,800	21.6
Services	1,416	8.2	2,723	13.3	3,925	17.6
Utilities, Transport, Comm.	1,189	6.9	955	4.7	1,000	4.5
Construction	927	5.4	1,066	5.2	860	3.8
Total Employment	17,233	100.0	20,451	100.1	22,250	100.0
Total Population	51,101	— —	59,300	— —	61,500	— —

Sources:

- U.S. Bureau of Census, 1970, Characteristics of the Population, California
- Mendocino County Schools, Labor Demand Profile of Mendocino County, 1978
- Employment Development Department, Employment Data & Research

Table 23

Ranked Percent Most Immediate Needs For All Mendocino County

Rank	Need	Percent
1	Nothing	16.1
2	Health Care Srvc	8.9
3	Employmt Opprtnty	8.7
4	Suplmntry Income	8.1
5	Basic Education	7.6
6	Utility Arrngmts	5.7
7	Recreation	5.7
8	More/Better Housing	5.5
9	Other Misc. Needs	4.8
10	Transportation	4.2
11	Consumer Protection	3.7
12	Police Protection	3.7
13	More/Better Roads	3.6
14	Job Training	3.4
15	Information Service	2.7
16	Fire Protection	2.0
17	More/Better Food	1.7
18	Help in the Home	1.3
19	Child Care Services	1.2
20	Counseling Services	.9
21	Legal Services	.4

Source:

- V.O.X. Survey, Mendocino County, 1976

Table 24

Ranked Percent Community Needs For All Mendocino County

Rank	Need	Percent
1	More/Better Housing	60.1
2	Transportation	59.7
3	Suplmntry Income	52.9
4	Recreation	52.5
5	Job Training	49.8
6	Basic Education	48.9
7	Employment Opportunity	48.2
8	Information Service	47.9
9	Health Care Service	42.6
10	Consumer Protection	40.4
11	Help in the Home	38.9
12	More/Better Roads	35.9
13	Utility Arrngmts	33.5
14	More/Better Food	33.5
15	Child Care Services	30.9
16	Counseling Services	26.0
17	Police Protection	21.9
18	Legal Services	19.4
19	Other Misc. Needs	16.6
20	Fire Protection	14.1
21	Nothing	1.8

Source:

- V.O.X. Survey, Mendocino County, 1976

Table 25

**Ranked Percent Desired 5-Year
County Changes
For All Mendocino County**

Rank	Need	Percent
1	Other	47.7
2	Improved Government	43.1
3	More Employment	19.8
4	Better Schools	14.5
5	None; Satisfied	13.8
6	Growth Control	13.2
7	Public Transportation	12.4
8	More/Better Housing	12.4
9	More Industry	10.4
10	More Environmntl Prtcn	9.3
11	Better Health Care	7.0
12	More Shopping Facs	5.9
13	Preserve Ag Land	4.2
14	Less Environmntl Prtcn	.7

Source:

- V.O.X. Survey, Mendocino County, 1976

Table 26

Ranked Average Ratings of Importance of Government Involvement in Functional Areas For All Mendocino County

Rank	Functional Area	Rating
1	Basic Education	81
2	Soc Svcs Aged	79
3	Soc Svcs Chldrn	78
4	Econ/Empl Devlp	78
5	Soc Svcs Disbld	78
6	Road Maintenance	78
7	Physcl Hlth Svc	78
8	Law Enforcement	77
9	Mental Hlth Svc	75
10	County Library	75
11	Job Training	75
12	Inc Maint Aged	74
13	Inc Maint Disbld	73
14	Fire Protection	72
15	Courts	72
16	Soc Svcs Pov FM	72
17	Information Svc	71
18	Jails/Rehab Pgms	71
19	Job Cnsl/Placmt	71
20	Human Svc Plang	69
21	Probation	69
22	Inc Maint Pov FM	67
23	Envirn Protectn	67
24	Public Transport	66
25	Animal Control	66
26	Flood Control	64
27	Recrtn Pgm/Facil	63
28	Road Cnstruction	60
29	Public Water/Swr	60
30	Hsng Development	60
31	Garbage Col/Disp	60
32	Land Use Planng	58
33	Bldg Code Enfrce	50
34	County Museum	50

Source:

- V.O.X Survey, Mendocino, 1976

The income and employment categories are closely linked in both tables, and were perceived as greatly needed by households and communities. The need for more adequate housing was seen as slightly greater for the community than for the household. The "job training" category, though, ranked low as a household need, but ranked high as a community need. Remarks from respondents suggest a sense of futility because of the lack of post-training job opportunities. Many of these persons had job training and skills which had no local market.

Table 25 ranked desired five-year changes in the county. This was an open-ended question with no predetermined categories given. Disregarding the "other" miscellaneous responses that did not clearly fall into any category, "more employment" ranked second behind "improved government." The "more industry" category ranked eighth in this category. The responses were generally qualified, referring to year-round, environmentally clean industries. Locally owned and operated industries, small businesses, and cottage industries were preferred.

In Table 26 respondents were asked to rate 34 governmental functions as to their importance of county government involvement. The function of "economic and employment development" was rated third in importance for government involvement, much higher than many traditional functions performed by local government. On the other hand, "housing development" was rated thirteenth. Public housing development was not perceived by the respondents as a viable alternative in alleviating the county's housing shortage.

Summary Statements of Economic Issues

The previous sections of this chapter concentrated on a detailed analysis of the various segments of the economy that must be of concern for any successful economic development effort in Mendocino County. The following is a brief summary of the major economic issues raised in the analysis.

1. MENDOCINO COUNTY IS ECONOMICALLY DEPRESSED.

Findings:

- The average per capita personal income is less than 80% of the state's average.
- There is significant disparity in income distribution. 30% of the households earned less than \$6,000 in 1970.
- 19.3% of the households are below the poverty level. 12.4% are near poverty.
- Unemployment is high (9.5%) compared to the state (7.1%).
- The work force is generally low or semi-skilled, comprising about 50% of the county's total employment.

2. MENDOCINO COUNTY'S ECONOMY IS SPECIALIZED, RESOURCE BASED AND SEASONAL.

Findings:

- The private sector economy is primarily made up of the timber industry, tourism and agriculture.

- There are drastic fluctuations in the unemployment rate. In 1977 the rate went from 15.9% (January) to 7.0% August; in 1978 from 14.1% (January) to 6.2% (October).
- Job requirements for work in these industries are generally of a low or semi-skilled nature.
- The principal employer in the county, the timber industry, is declining in terms of harvest and jobs created.
- The timber industry is highly sensitive to changes in the national economy.

3. MENDOCINO COUNTY LACKS ADEQUATE EMPLOYMENT OPPORTUNITIES FOR SKILLED LABOR.

Findings:

- Approximately 50% of the work force is employed in low skilled jobs.
- In terms of occupational mix, 55.3% of the labor force was of a highly skilled nature in 1960 compared to 46.0% in 1978.
- The fastest growing industry in the private sector has been services. Services employment comprised 8.2% of the labor force in 1970 and 17.6% in 1978. Employment in this industry is generally of a low skill, low pay nature.

4. MENDOCINO COUNTY'S HOUSING MARKET DOES NOT SATISFACTORILY MEET THE NEEDS OF COUNTY RESIDENTS.

Findings:

- Mobile homes, an economical alternative to conventional housing, accounted for 7.5% of the housing units in 1970, and 14.8% in 1978. This compared statewide with 2.8% and 4.4% respectively.
- 28.6% of the county's housing units are substandard, compared with 13.5% statewide.
- The vacancy rate in 1977 was estimated to be 1.4%.
- County residents surveyed in 1976 indicated that more and better housing was their local community's number one priority need.

5. MENDOCINO COUNTY'S ECONOMY DOES NOT APPEAR TO FULFILL THE NEEDS OF A LARGE SEGMENT OF THE COUNTY'S HOUSEHOLDS.

Findings:

- Over 20% of the households' most immediate needs are better employment opportunities, greater income or job training.
- The households ranked "greater income" third; "job training" fifth; and "employment opportunities" seventh, in assessing their local community's needs from 21 need categories.
- "More employment" was rated as the second most desired five year change by county households.



Chapter Four

Economic Development Potentials of Mendocino County

**"Without work, all life goes rotten, but
when work is soulless, life stifles and
dies."**

E.F. Shumacher

Community Economic Development Defined

Previous chapters of this plan have dealt with historic economic development activities, a description of those factors which affect the economy of the county, and a summary of the economic issues facing Mendocino County. This chapter should be viewed as a transition toward more specific community economic development objectives and strategies for implementing these objectives. It will describe, in general terms, Mendocino County's potential for economic development, and the constraints—both inherent and consequential—which could inhibit community economic development.

Before these potentials and constraints can be examined, it is necessary to define community economic development. The term "economic development" refers to the rational organized allocation of land, labor capital, and entrepreneurship to bring about a positive effect on business activity, employment opportunity, income, and government fiscal solvency. Prefaced by the word "community," it emphasizes local control and direction, with the benefits accruing locally. Also, it is implicit in this plan that "community" refers specifically to low and moderate income residents; that is, those who are presently excluded from participating more fully in the county's economy for one reason or another. Often, economic development efforts for communities fall into the trap of measuring economic development by the quality and quantity of physical development. As new buildings and houses appear, the assumption is made that people of the area are better off. However, this is not necessarily true and, in fact, the opposite may be the case.

Housing for low-income residents, particularly renters, may be replaced by expensive housing (which they cannot afford) or by industrial development (which seldom hires them). Every effort will be made in this plan to separate these two concepts of people and place prosperity and to emphasize people prosperity.

The following review of economic development potentials should not be thought of as definitive. They constitute the more obvious potentials, given the financial and staff limitations with which the committee has had to work. As the plan is implemented, it is felt that there will be a greater opportunity for a thorough and ongoing effort at identifying, and quantifying, the gaps in Mendocino County's economy that are not presented here.

Also, in addressing these potentials, the committee felt that there must be some basis for including some while excluding others. It has developed the following criteria from which to make that judgment.

The potential:

1. will create jobs and business opportunities for Mendocino County residents, with emphasis on low-income persons;
2. emphasizes import substitution business potentials and secondary processing of the county's resources;
3. is environmentally and socially compatible;
4. emphasizes the use of appropriate technology, energy conservation, and alternative energy applications;
5. will be more labor intensive versus capital intensive;
6. creates businesses that are locally owned and controlled;
7. will encourage a strong, diversified, decentralized and self-sufficient economy in general.

The Resources of Mendocino County

1. HUMAN RESOURCES

Perhaps the most significant resource of Mendocino County is its people. If there is to be successful community economic development within the county, it will be because of the imagination, commitment, and hard work of this most important ingredient. To describe the majority of the people in the work force as "unskilled" or "semi-skilled" does a disservice to them and does little to describe the type of workers they are. Generally, the Mendocino County workers can be characterized as self-reliant, stable, hard working, and taking pride in their work. If new jobs were available, skill development of this existing resident labor force could be accomplished with the commitment of local CETA funds for up-grading and retraining without resorting to a need for recruitment of skilled labor outside the county. Additionally, many of the county's recent immigrants have brought with them new entrepreneurial and managerial skills that are presently being under-utilized in low-skill and part-time jobs. One of the expressed intents of this plan is to emphasize jobs for local residents and promote the employment of local unemployed and underemployed in the implementation of a community economic development program for Mendocino County.

Labor training and placement programs are in existence in Mendocino County, and have been in operation for some time. It must be admitted that these programs, in their present state, are having a minor impact on the area. This plan's findings on unemployment and poverty bear this out. Yet, the concept of labor development assistance programs is appealing and should not be discontinued. On the contrary, they should be expanded in financial scope, with a greater emphasis on private sector employment.

2. THE NATURAL RESOURCES

- The agricultural sector of the county's economy is relatively stable and diversified in the types of products produced. However, in most instances, the value added to these products is primarily derived from the actual raising or growing of the product.

There is very little value added through secondary processing. An example of this is livestock production. In 1977, the cattle rancher received 34¢/lb. for his product, while at the same time the most economical cuts of beef were retailing for well over a dollar per pound. The same holds true for the county's wool, milk production, and to a lesser degree with fruit and nut crops. As a consequence, employment and business opportunities are lost. Actively promoting the processing of agriculture produce within the county should also encourage the general expansion of this important sector of the economy.

- There is potential within the agricultural sector for the expansion of existing crops and diversification into others. This potential can be defined as: 1) the potential for increasing the county's self-sufficiency in food stuffs, that is, to increase the multiplier effect in its internal economy; and 2) the potential for enhancing its export economy.

The value of nursery stock has increased dramatically within the last ten years—primarily in the area of ornamental plants. The county's climate makes it ideal for the propagation of such ornamentals as rhododendrons, azaleas, fuchsias, and ferns. The nursery crop could be expanded to include other ornamentals, hydroponic vegetables, and tree seeds and seedlings.

Historically, the county has been relatively self-sufficient in vegetable crops. With the advent of cheap, efficient transportation, local production of vegetable crops atrophied. Present inflation and rising transportation costs have begun to make vegetable farming a more attractive potential, at least for local consumption. To encourage this potential, a local distribution system directly linking the farmer to the local marketplace would be required. Most locally owned food retail stores presently purchase some local produce but on a sporadic, low volume, as-available basis. A cooperative distribution/wholesaling business could provide an organized, efficient means of connecting the producer to the marketplace while insuring timely deliveries at the volume required to the retailer.

The cultivation of certain crops in Mendocino County as an energy source warrants intensive investigation. Presently, many farmers and ranchers in the Midwest are fermenting feed crops and plant residues to produce alcohol. After the fermentation process, the remaining silage has a larger proportion of digestible proteins, becoming a more effective animal feed. Research into this would have to be extensive, but it is felt that if it results in more efficient and profitable use of the county's agricultural land it would be time and money well spent.

While not included in the county's agricultural crop reports, there is a significant commercial fishing industry located in the Noyo Harbor basin just south of Fort Bragg. Processing of the catch consists of cleaning, fileting and shipping to urban markets. Further processing, such as canning or smoking, could provide for greater year-round employment in this industry. Another requirement for more stable and expanded employment in this industry is an all-weather breakwater at the entrance of Noyo Harbor. This would allow for an extended fishing season, which is presently impossible as winter sets in.

Because of Mendocino County's extended coastline, the long term potential of establishing marine aquaculture farming in selected coastal areas may be economically feasible. However, extensive technical and economic research must be conducted before this potential could be realized.

- Tourism has, perhaps the greatest potential for job and business creation of all the sectors in Mendocino County's economy. Tourist related activities are relatively pollution free and labor intensive. Its beauty, rugged coast and relative proximity to Northern California's urban centers make the county an ideal setting for a thriving year-round tourist industry.

However, as it stands now, tourism in the county cannot be characterized as an "industry", but rather as individual retail trade ventures. "Industry" implies organized planning and development of a resource. It further implies the rational allocation of capital, land, and labor to bring about a desired outcome. There have been efforts at promoting tourism, but it has been done with little understanding of who the tourist is and what motivates him to spend time and money in Mendocino County. Artists and craftspersons have not been fully integrated into the tourist sector of the economy. Art is good business. There are numerous cities and counties which have been very successful in promoting the arts and tourism as a means of diversifying their economies. A thoughtful, well planned expansion of this sector could provide numerous job and business opportunities for unemployed, underemployed and low-income persons as well as providing a decent living for the resident artists and craftspersons.

- The lumber industry, the traditional mainstay of the county's economy, is declining in importance as a job producer. Yet, this abundant resource could still provide opportunities for creating new employment and businesses for the county's low-income and underemployed. The utilization of wood and wood waste source for heating and generating electrical energy (co-generation) presents a long-term potential to the county which should not be ignored. Studies conducted for the state Forestry Service have indicated that bio-mass electrical generation in Northern California could be economically feasible on a sustained yield basis. Presently, the Georgia-Pacific mill in Fort Bragg and the Masonite mill in Ukiah generate their own electricity. The City of Ukiah has its own municipal utility company, but lacks generating capacity. The technology is presently available which would mitigate the need for extensive emissions devices. The economic benefits for employment and small business enterprises could be substantial. With a bio-mass plant operating and requiring large quantities of wood waste, there would be a sound economic reason for slash removal and large scale manual thinning of broadleaf trees, combined with a more intensive reforestation program than is presently being done.

Another potential that could broaden the employment in the county's forest resources industry is the milling and marketing of selected hardwoods. The demand for hardwoods has increased greatly, while the world supply of marketable hardwoods has been decreasing. In order to take advantage of this, a marketing study should be conducted, identifying the potential development of a market for western hardwoods.

3. THE ECONOMIC RESOURCES

- The potential for leveraging public sector resources with private capital to create appropriate business and employment for the economically disenfranchised residents of Mendocino County is there. What is necessary is official recognition of the need and a commitment by public officials—at all levels of government—to participate actively in carrying through community economic development activities in Mendocino

County. Without an “up front” commitment by the public sector to change the economic conditions in the county’s low-income community, it cannot be expected that the private sector would commit its resources unaided. It must be shown that it is in the private sector’s economic self-interest to involve itself in the economic revitalization of low-income communities. One of the express purposes of the development of this plan is to show the need and elicit the participation of the public sector in bringing about this change.

- The potential for low-income communities to accumulate, control, and direct their own financial resources has been amply demonstrated in other areas through the use of such vehicles as Community Development Credit Unions or Community Savings and Loans. These locally owned financial institutions could, in turn, re-invest deposits back into the community’s businesses and housing.
- Underlying much of what has been discussed in this chapter is the potential for the development of a community development corporation (CDC). A CDC is a private non-profit corporation which is controlled by the members of the community it serves. It acts as a link between the public and private sectors, and directs those combined resources within the community to bring about the desired economic changes. It can provide venture capital, small business technical assistance, on-going economic development planning, develop, own and operate businesses (wholly or jointly), as well as develop and own low-income housing. The development of a CDC will be one of the outcomes of this plan.

The Constraints to Economic Development

- The lack of primary transportation linkages and the county’s relative isolation from California’s major cities acts as an inhibitor to economic development in Mendocino County. This problem is not particularly acute in the inland portion of the county which has immediate access to Highway 101, putting the Ukiah Valley within a two-and-a-half hour drive of the Bay Area. Any economic development effort along the Mendocino Coast, however, will have to take this problem into consideration.
- A constraint to economic development which the county Overall Economic Development Plan (OEDP) amply addresses is the lack of land use policy to encourage appropriate economic development. The county is presently revising its General Plan to correct deficiencies in its land use element. When completed, it should reflect a greater concern for compatible zoning.

The coastal area of the county has an additional land use constraint in that a large portion of its population is located within the Coastal Zone. While the Coastal Zone has inhibited inappropriate commercial development and speculative land splits, it has also not produced a reasonable alternative plan for development on the coast. As a consequence, diversification and expansion of the coast’s economy has slowed and the housing market is extremely tight. Both of these consequences have their greatest impact on the coast’s low and moderate income residents. The California Coastal Commission is presently working on its plan. Hopefully, it will balance the need for preserving the coastal environment with the need for local residents to fully participate in the economy.

- The increasing lack of housing for low and moderate income residents of the county is a definite constraint to community economic development.
- The generally high inflation of the economy as a whole will act as a constraint to expanding economic opportunity within the county. If the general economy experiences a predicted recession along with high inflation, these two factors combined will pose the most immediate problem to revitalizing the county's economy. The wood products industry is particularly sensitive to changes in the nation's economy.
- There is a general lack of access to information concerning publicly assisted business development programs, small business technical assistance and business loan guarantee programs. Along with this is the lack of necessary venture capital for stimulating community economic development. This constraint further points to the need for a community development corporation to function as an economic development advocate.



Chapter Five

Development Strategy

"Then the grasshopper knew it is best to prepare for the days of necessity."

Aesop

This chapter outlines the goals and objectives of the Community Economic Development Plan. From these, the committee has developed and prioritized the plan's program components. Each component has been broken down into discrete activities which must be carried out to fulfill the plan's objectives. Also included in this chapter are descriptions of federal, state and local agencies that could provide program funds if the plan's development strategy is to have any reasonable chance of success.

Assumptions

Prior to discussion of the plan's development strategy, the committee has made certain assumptions concerning the economy and the commitment by public agencies toward economic development in Mendocino County. These are:

1. There will be adequate capital available to carry out the objective of the CEDP.
2. The plan will allow Mendocino County to be designated as a Special Impact Area (EDA & CSA).
3. The state and national economies will not experience a major prolonged depression.
4. Local public agencies will support and participate in carrying out the objectives of the CEDP.
5. This CEDP is not all inclusive, but rather is a guide for beginning economic development programs in Mendocino County.

Goals of Community Economic Development

Generally, the goals of the CED Plan have been expressed in various chapters throughout this plan. Essentially, they can be synthesized into four basic statements of purpose:

1. To expand/diversify job opportunities for resident unemployed, under-employed and low-income.
2. To expand/diversify business opportunities primarily for resident low and moderate income persons.
3. To ensure community control and direction of community economic development.
4. To encourage businesses which are compatible with the "criteria for potentials" outlined in Chapter Four.

Community Economic Development Program Objectives

The following objectives are a result of defining the goals in terms of what it will actually take to make the CED Plan work successfully, and which have been adopted by the CED Plan Committee. They are both specific and general, are considered to be attainable in a short period, and are long-range in that they provide a continuing policy for community economic development. The objectives are:

1. Develop programs and delivery systems for the creation of a minimum of 350 new permanent jobs within the county by the end of 1985. This figure is approximately 20% of the county's unemployed workers.
2. Develop and implement programs that will assist and encourage employees and low-income persons to acquire equity positions in local business ventures.
3. Provide for on-going small business technical assistance and education.
4. Coordinate with local agencies in developing manpower training programs directed toward specific private sector labor requirements.
5. Develop the capacity for ongoing economic and business research and planning.
6. Provide investment capital for businesses that have the greatest potential for utilizing the local labor force and local resources.
7. Participate in the formation and operation of local development corporations (LDCs) at the community level.
8. Develop a Community Development Corporation (CDC) as the legal mechanism for carrying out the objectives of the CED Plan.
9. Institutionalize the necessary linkages between the private and public sectors to ensure the optimum return for the capital invested in CED activities.
10. Ensure active participation of the county's low-income residents in the CED decision-making process.

CED Program Components

Community economic development does not just happen. The program components represent the various types of activities which must occur if the plan is to be effectively implemented and have a positive impact on the county's economy.

1. ORGANIZATION TO IMPLEMENT CED PLAN

- Incorporate a Community Development Corporation. Its primary goal is to carry out the intent of the CED Plan.
- Develop the corporate, managerial and financial capacity to direct and guide CED activities in a rational and effective manner.
- Ensure linkages with the necessary public and private sector agencies.
- Develop methods for direct participation of low-income persons in the CED process.

2. SMALL BUSINESS TECHNICAL ASSISTANCE

- Provide professional management consultation to small business entrepreneurs in all aspects of business operations.
- Provide loan packaging and financial planning assistance on an individualized basis.
- Develop concentrated training seminars covering all important elements of small business management.

- Provide general assistance in effectively utilizing public programs for small businesses and in dealing with regulations that tend to inhibit the small business development.

3. VENTURE CAPITAL RESOURCES

- Provide for investment capital to jointly or wholly owned business ventures where an ownership position is desirable in meeting the objectives of the CED Plan.
- Provide for "front end" capital for leveraging funds in the public or private sectors.
- Provide for loan guarantees, interest subsidies or direct loans to small businesses in conjunction with other such programs.

4. ECONOMIC DEVELOPMENT AND BUSINESS PLANNING

- Develop the capacity for ongoing economic research and forecasting.
- Assess local economic development potentials.
- Provide for business development planning in the areas of personnel requirements, marketing, operations, and capitalization.

5. JOB TRAINING AND DEVELOPMENT ACTIVITIES

- Create job training targeted for specific business labor demands.
- Develop linkages with existing local labor training programs for greater administrative and programmatic coordination.
- Include job placement activities as a supplement to existing efforts.
- Ensure that these manpower services are tied directly to other CED activities.
- Utilize local manpower programs to the greatest extent possible.

Community Economic Development Financing Sources

The following provides a brief summary of both state and federal agencies which could be sources of financial and/or technical assistance for local community economic development activities.

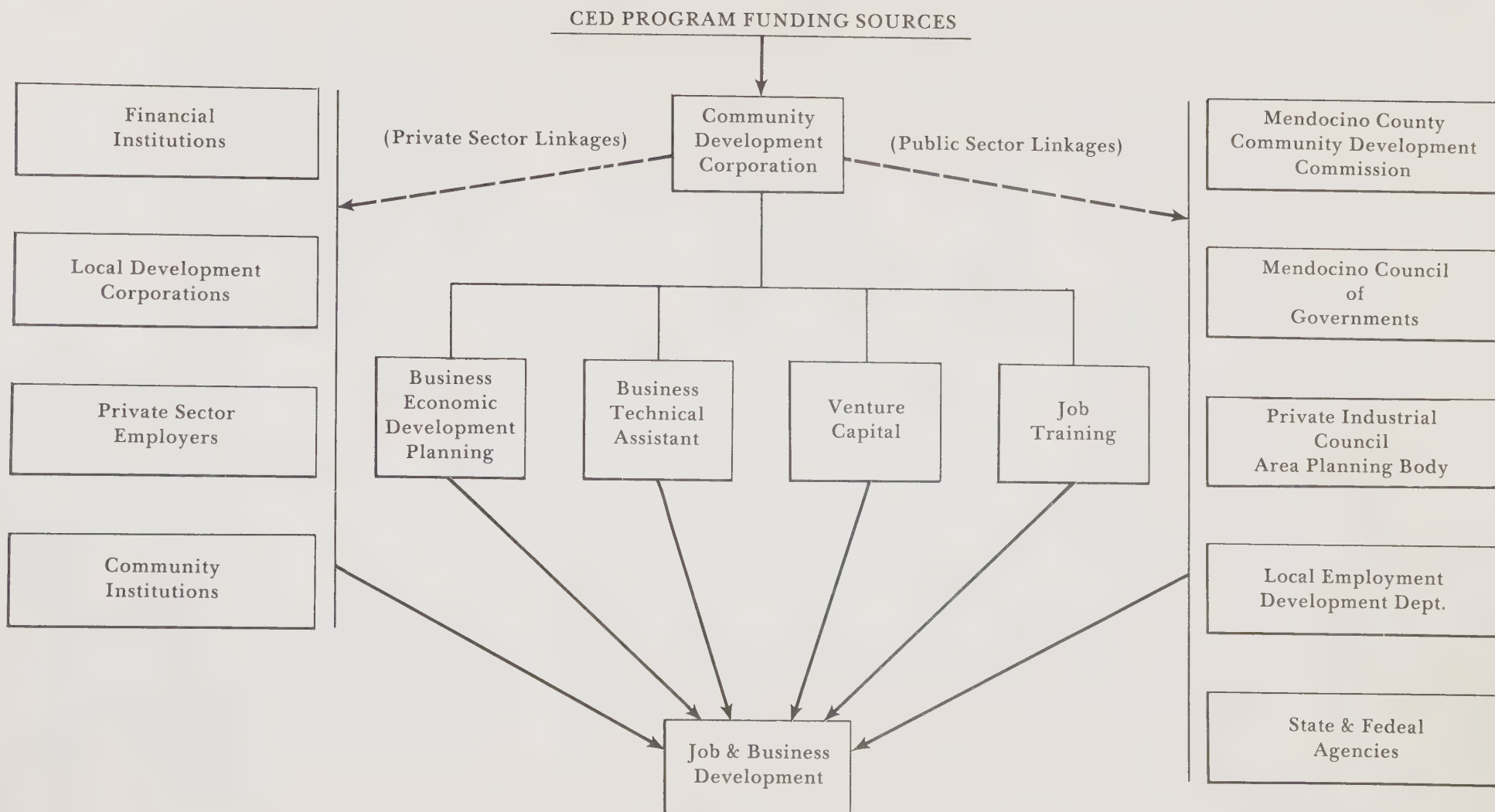
COMMUNITY SERVICES ADMINISTRATION (CSA)

The CSA operates two grant programs which can provide planning and venture capital funds for community development corporations. These programs are administered by the CSA's Office of Economic Development. (OED).

First, the Title VII-Special Impact Program provides financial assistance to community development corporations to finance all or a portion of the cost of economic and business development programs, community development and housing programs, and manpower training programs which are supportive of the above programs. Special Impact Grants are limited to those programs which are of sufficient size, scope and duration to have an appreciable impact on the area served.

Second, CSA also offers planning grants to private non-profit agencies to plan specific community economic development projects. In addition to the Special Impact and Planning grants, CSA offers loans and loan guarantees to community development corporations, and to local cooperatives eligible for financial assistance under Title VII of the Community Services Act.

Schematic of Program Components



HOUSING AND URBAN DEVELOPMENT (HUD)

The U.S. Department of Housing and Urban Development administers several programs which are of potential—direct and indirect—benefit to CDCs. The Community Development Block Grant (CDBG) Program, initiated by the Housing and Community Development Act of 1974, consolidated several grant programs into block grants which are intended to assist communities to develop housing and employment opportunities, principally for low and moderate income persons.

Although local political jurisdictions are given discretion over the use of CDBG funds, CDCs can participate in the planning for the use of CDBG monies and receive some of the funds to conduct economic development activities. CDCs can use CDBG funds to do the following:

- Provide grants, loans, loan guarantees or technical assistance to new or existing small businesses, minority businesses and neighborhood non-profit businesses for their working capital or operational funds, and for their purchase of land, construction and renovation of commercial structures.
- Provide capitalization for Small Business Investment Corporations (SBICs) or local development corporations which is required for qualification for assistance under other federal programs.
- Assistance to minority contractors to obtain performance bonding.
- Other activities appropriate for community economic development or neighborhood revitalization.

HUD's Urban Development Action Grants (UDAG) offer one-time only grants to cities and counties for specific projects which address the commercial, industrial or residential development needs of the area. UDAGs are awarded only to projects which have a prior commitment of private resources, which are contingent upon receipt of UDAG funds.

The UDAG program is separate from the CDBG program, and has different applications, requirements and eligibility standards. As with CDBG funds, non-profit CDCs can receive UDAG grants through participation with the city or county planning and application process.

SMALL BUSINESS ADMINISTRATION (SBA)

SBA is the largest governmental source of loans and loan guarantees for small businesses. SBA loans are designed to enable "small" (as defined by SBA—according to number of employees, sales volume, and type of business) businesses to finance plant construction, improvements or expansion; to purchase equipment and machinery; and to acquire working capital needed for the production of goods and services. Additionally, SBA has numerous loan programs designed to assist small businesses adversely affected by natural disaster or change in federal government policy. To qualify for SBA financial assistance, prospective borrowers must demonstrate that they are unable to obtain financing from a bank or other private source.

The SBA also provides loans for business development activities undertaken by Local Development Corporations (LDCs). Typically, an LDC must be willing to provide at least 20% of the cost of a development project before SBA will consider a loan. Another mechanism by which SBA helps finance small firms is through privately owned and

operated Small Business Investment Companies. SBICs are licensed, regulated and, in certain cases, financed by SBA. They supply venture capital and long-term financing to businesses for expansion, modernization, and operating capital. The SBA has also instituted a specialized application of the SBIC principle in the licensing of 301 (d) or Minority Enterprise SBICs. They are designed solely to assist small businesses owned and managed by socially or economically disadvantaged persons.

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

The EDA, United States Department of Commerce, makes low-interest, long-term business development loans to help businesses expand or establish operations in areas designated as "redevelopment areas" by EDA. In order to be eligible for EDA loans, the area must first complete an Overall Economic Development Plan (OEDP), and all projects receiving assistance must be consistent with the overall plan. The loans may be used to assist individual business persons, agencies, Indian tribes, or development groups to obtain loans to purchase land, buildings, machinery, equipment and raw material for new or expanding businesses which will provide new permanent jobs for local residents. In addition to business development assistance, EDA can provide technical assistance to businesses and public works, as well as development facilities grants needed to attract new business and encourage business expansion. In both cases, an OEDP is a prerequisite for funding.

DEPARTMENT OF LABOR (DoL)

The principal employment programs administered by DoL which could be of interest to community development corporations are the Comprehensive Employment Training Act (CETA) Programs. These include:

1. Title II-B: This program is directed to provide training and employment opportunities to the unemployed, under-employed, and disadvantaged. Program activities include: class room training, on-the-job training, work experience, public service employment, and services to participants.
2. Title II-C: The skill training improvement program is designed to improve the level and quality of skill training under CETA and to provide upgrading opportunities in the private sector. Training is aimed at meeting industry needs for specific skills with emphasis on increasing private sector participation in CETA training.
3. Titles II-D/VI: Public Service Employment Programs which can be utilized by private non-profit agencies or organizations.
4. Title VII: This title authorizes Private Industrial Councils (PICs) to participate with prime sponsors in designing, developing and operating CETA training programs. Its purpose is to involve the business community in the design of employment programs to increase private sector opportunities for CETA participants.
5. California Governor's Discretionary CETA Funds: Four percent of CETA funds available to the state are allocated to the Governor for the funding of innovative job development programs. To date, the county, through the Center for Education and Manpower Resources (CEMR), the Pomo Indian Council and NCO have received various grants from this fund usually related to job creation through economic development.

FARMERS HOME ADMINISTRATION (FmHA)

FmHA offers many loan guarantee and grant programs which are designed to serve rural low-income persons, CDCs, cooperatives, local governments, and other organizations engaged in rural economic development activities. In most cases, these programs require a 10% matching or equity contribution to be eligible for assistance. FmHA focuses on rural areas with populations of less than 25,000 and can assist in the development and operation of rural businesses—both large and small scale. It can provide loan assistance for community facilities, including fire services, waste treatment, recreation, and utility extensions. FmHA can also grant funds for financing industrial sites including the acquisition of development of land and the construction, conversion or modernization of buildings, plants, machinery, pollution control and abatement equipment, access streets, etc.

BUREAU OF INDIAN AFFAIRS (BIA)

The Bureau of Indian Affairs, in the U.S. Department of the Interior, offers several programs for providing financial assistance to Indian-owned and operated businesses:

- The Indian Revolving Loan Fund.
- The Indian Business Development Program.
- The Indian Loan Guarantee and Insurance Funds.
- The Indian On-The-Job Training Program.

The Indian Revolving Loan Fund is designed to assist Indians, Eskimos and Aleuts in obtaining financing from other private and governmental sources; and, when other financing is unavailable, offer loans for Indian businesses, industry, agriculture, housing and education. Except for educational purposes, the BIA's financial assistance must be used on or near Indian Reservations.

The Indian Business Development Program is intended to increase Indian entrepreneurship and employment by providing equity capital through non-reimbursement grants for establishing and expanding profit-making Indian-owned enterprises that benefit Indian reservations and communities.

The Indian Loan Guarantee and Insurance Fund offers loan guarantees to private lenders who assist economic development projects on Indian reservations.

The Indian On-The-Job Training Program provides employers with payments for on-the-job training on or near a reservation and offers advisory services and counseling, technical information and training services to enable employers to hire and train Indian employees.

OFFICE OF MINORITY BUSINESS ENTERPRISE (OMBE)

The OMBE, U.S. Department of Commerce, provides technical and management assistance to minority-owned businesses through its operation of three programs:

- Local Business Development Organizations (LBDOs).
- Business Development Centers (BDCs)
- State and local government offices.

LBDOs, established in 50 cities in 1973, are intended to assist minority men and women in developing business plans. LBDOs identify, contact and counsel potential

minority entrepreneurs, provide information and data, help prepare business plans, loan applications and feasibility studies, serve as a liaison with government and private lenders, and provide other assistance in the initiation and expansion of minority-owned businesses.

OMBE's Business Development Centers were established as intermediaries between the LBDOs and the larger private business community. BDC personnel help identify and ensure the availability of capital and financial assistance for minority businesses, stimulate market demand for minority produced goods and services, and offer management consulting services.

OMBE also has offices at the regional, state and local levels which focus on the involvement of minority entrepreneurs in state procurement efforts, the development of subcontracting opportunities with prime contractors receiving state funds and the deposit of state monies in minority owned banks.

CALIFORNIA DEPARTMENT OF ECONOMIC AND BUSINESS DEVELOPMENT

This department was created to be the primary state agency responsible for promoting economic development within California. The department is comprised of six offices, of which the following four could be of direct benefit to a community development corporation's activities:

- *Office of Business and Industrial Development* acts as an ombudsman between business and state government, and assists the location of new businesses or the expansion of existing businesses in California.
- *Office of Local Economic Development* administers business financing programs and offers technical assistance to local economic development organizations.
- *Office of Small Business Development* provides technical and management assistance to small businesses, assists small business start-ups, and operates a small business loan program.
- *Office of International Trade* publishes an international trade directory, encourages increased California product exportation and responses to inquiries from businesses in relation to international trade activities.

CAL-RURAL

Cal-Rural is a private non-profit California corporation whose primary purpose is to further economic development in disadvantaged rural areas of California. It is not a source of low interest loans, but rather provides partial guarantees on business or farm loans made by financial institutions. Cal-Rural guarantees are also designed to be used in addition to other guarantees such as SBA or FmHA loan guarantees. Another function of Cal-Rural is to provide management and technical assistance to borrowers. This primarily consists of pre-loan business planning, loan negotiation assistance, post-loan business monitoring and management assistance.

NATIONAL CONSUMER COOPERATIVE BANK ACT (1978)

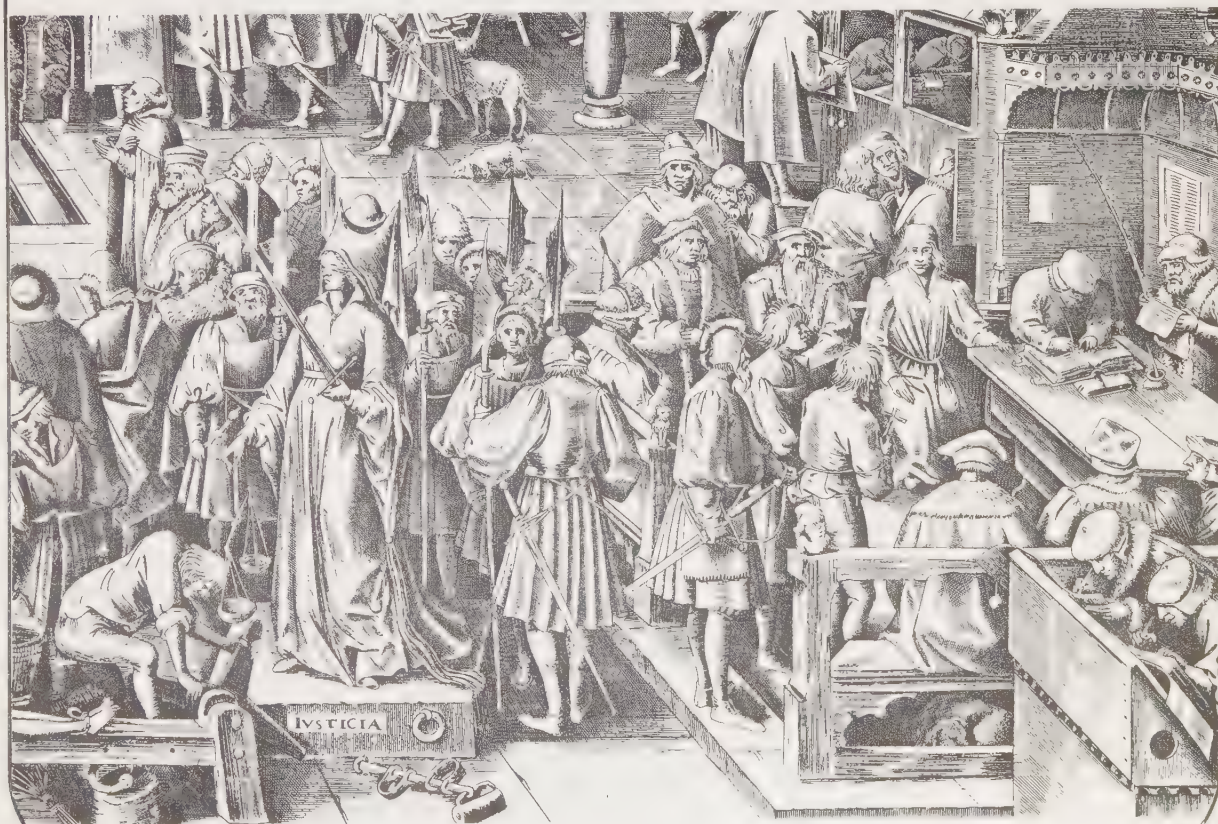
The purpose of this legislation is to provide financial and technical assistance to not-for-profit cooperatives. To accomplish this, the legislation:

- Established the bank to make loans at market interest rates to cooperatives in a variety of fields (Title I).
- Created a self-help development fund and technical assistance capability to assist low-income cooperatives and co-ops with special needs (Title II).

The establishment of the bank is still in its formative stages; therefore, it is premature to assess its potential as a financing source for economic development in Mendocino County.

CALIFORNIA JOBS TRAINING PROGRAM, STATE EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

The purpose of this program is: 1) to enhance job training by involving both educators and employers in identifying the skill needs and designing a training program specifically to meet those needs; 2) to develop short-term, entry-level classroom training which results in immediate and direct employment and is combined with continuing training at the worksite; 3) to insure the participation of low-income job seekers by reducing the time spent in non-remunerative training, maximizing the potential for employment by designing and linking the training with specific employers and jobs, and by providing stipends to them as a wage substitute during classroom training; 4) to tie entry-level training to both worksite and subsequent classroom training for higher skill level jobs so participants can move up a career ladder to more remunerative and responsible jobs.



Chapter Six

Plan for Implementation

"In every enterprise consider where you would come out."

Publius Syrus

This chapter outlines the steps necessary to bring about optimum results of what has been presented in the CED Plan. These actions are presented in general order of occurrence, although some may, of necessity, take place concurrently.

The programming recommended by the CED Plan Committee should not be viewed as an attempt to restrict activities or duplicate the efforts of any other local agency. As a point of fact, the CED Plan Committee encourages applications and proposals to undertake CED programs by any individual, agency or corporation who has the requisite resources and can put together an acceptable planning program.

Some of the program components presented here may fall into previous planning efforts carried out by other local agencies. If so, the CED Plan Committee will support those plans insofar as they come within the purview of the Community Economic Development Plan.

- A. Adoption of the CED Plan by the Board of Directors of North Coast Opportunities, Inc. (NCO), the Mendocino County Chamber of Commerce, the Mendocino Council of Governments (MCOG) and the Mendocino County Board of Supervisors (BOS).

Action Agenda:

1. Present this plan to NCO Planning Committee once it has been finalized by the CED Plan Committee.
2. NCO Planning Committee initiates NCO Board adoption.
3. Present to county Chamber of Commerce for inclusion into its OEDP.
4. Present plan to MCOG/Chief Administrator's Office staff for review and comment.
5. Make presentation to MCOG/BOS for adoption.

- B. Adoption of plan by Community Services Administration (CSA) and Economic Development Administration (EDA) for designation as a Special Impact Area (SIA).

Action Agenda:

1. Keep EDA and CSA apprised of the CED planning effort for Mendocino County.
2. Once the plan is adopted at the local level, present to EDA and CSA for SIA designation.
3. Elicit active support from the state Office of Economic Opportunity for the plan's adoption.

- C. Create Community Development Corporation (CDC) as a legal entity, which will be the mechanism for carrying out the objectives of the CED Plan.

Action Agenda:

1. CEDP Committee will develop the CDC's Articles of Incorporation and By-laws with the advice and consent of the NCO Board.
2. The legal services required for actual incorporation will be provided by NCO.
3. Ensure community support and wide demographic and geographic representation on board of directors.

- D. The corporate development and management capacity of the CDC.

Action Agenda:

1. Identify appropriate funding for administrative staffing and program planning.
2. Develop permanent framework for the management of CDC programs.
3. Plan program designs for:
 - small business technical assistance;
 - economic planning and analysis;
 - job training/development;
 - venture capital (see Chapter 5—CEDP components).
4. Develop grant applications.
5. Ensure adequate funding for program designs.

- E. Implement CDC programs

Action Agenda:

1. Develop evaluation criteria to measure degree of success in meeting program objectives (i.e. number of jobs created, businesses created/assisted, amount of capital generated, etc.).
2. Develop and implement staff and CDC board training programs.
3. Implement program designs and evaluate results.



Chapter Seven

The Organization

"It works better if you plug it in."

Sattinger's Law

The Community Development Corporation

As stated in previous chapters, the mechanism for carrying out the intent of the CED Plan will be a Community Development Corporation. It presents the most desirable vehicle that the research of the CEDP Committee has revealed for implementing the program components of the plan.

While it will be a 501 (c) (3) private non-profit corporation, it can still own and operate businesses, incur debts, accumulate capital, retain its earnings, and in general function as any other legal entity doing business.

There are, however, some major exceptions to that. As a 501 (c) (3) corporation there can be no stockholders and hence, no distribution of earnings that would develop from ventures in which the corporation might participate. Directors can have no direct financial interest in the operation of the corporation. Also, in order to retain the tax-exempt status, the primary purpose of the corporation must be charitable and educational in nature. This means, in practical terms, that such a corporation can have only 50 to 60% of its financing coming directly from business ventures. The remainder must come from public sources or foundations.

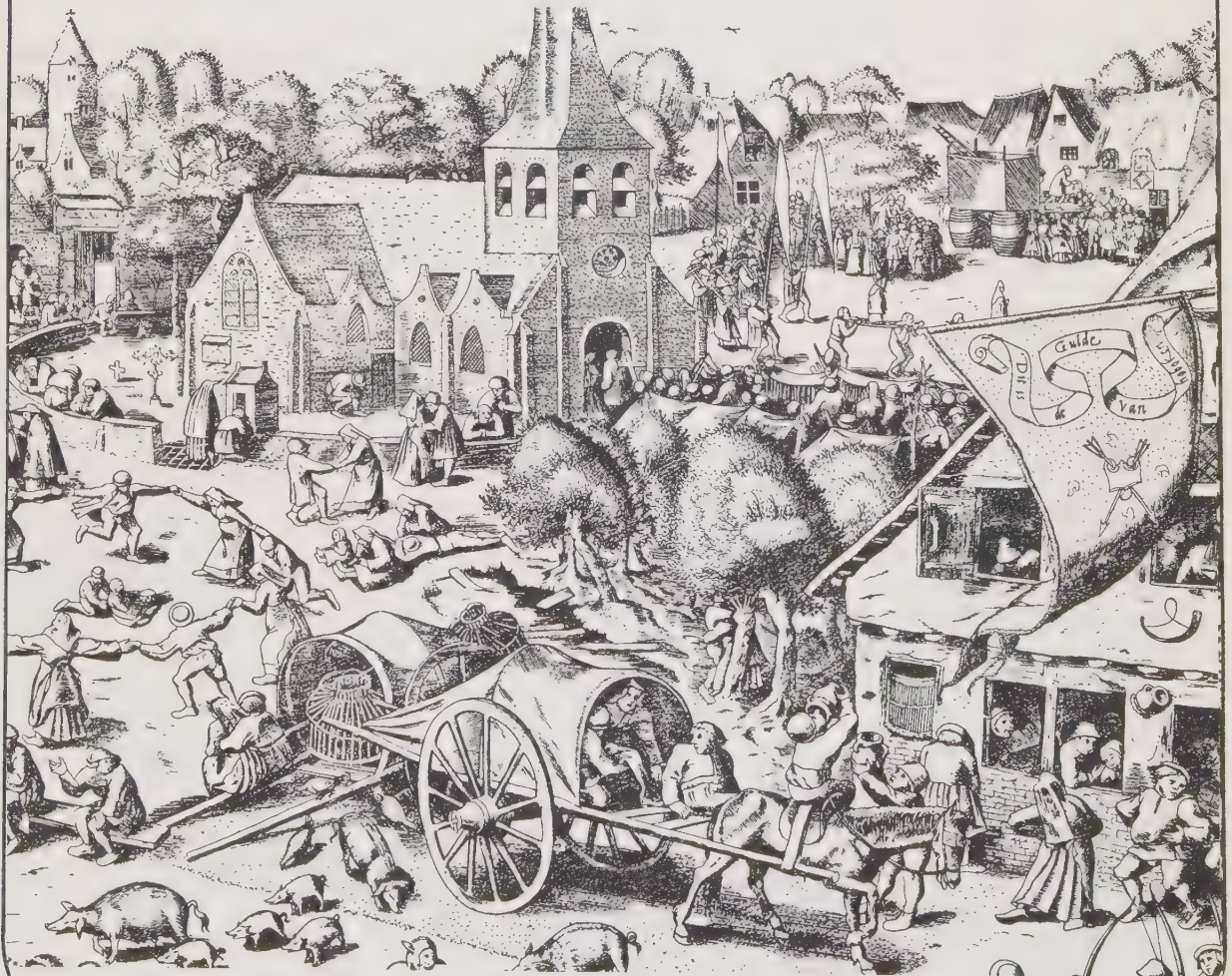
The CAA's Relationship to the CDC

NCO will act as the delegate agency for the CDC's initial funding and provide administrative support to a CDC during the formative stages of its development. NCO will also serve as the CDC's corporate membership. While the committee feels that providing human services (NCO) and involvement in community economic development (CDC) are not necessarily incompatible, there is a definite need to separate the two functions after a reasonable period of time. In adopting this CED Plan the NCO Board of Directors should be aware of this need and concur with it. What constitutes a "reasonable period of time" would be defined as the point at which the CDC can administratively stand by itself, has developed the capacity and demonstrated ability to manage CED programming effectively, and has developed capable corporate policy guidance in carrying out community economic development activities. Once the CDC has reached that point in its development the committee recommends that it exercise much more corporate flexibility and independence. The committee feels that this is consistent with NCO's corporate policies for "spinning off" programs, and that this policy should be adhered to with regard to the CDC.

The CDC's Board of Directors

The CDC Board of Directors should be composed of no more than 15 members so as not to create a large and unwieldy board. The Community Services Administration also requires that CDCs which are funded by them have a majority of low-income citizens or their representatives serving as board members. The committee concurs with this requirement, but must stress the need for board membership from the business and financial community as well. It is essential that a CDC have this type of expertise at the corporate policy making level if it is to be effective in bringing about positive economic changes in the county.

Finally, the committee recommends that there be board representation from the committee membership itself. There must be some continuity from this planning phase to the actual implementation of the CED Plan. All too often there is a gap between these two functions. With initial CED Plan Committee representation on the CDC's board, that gap can be bridged. This should ensure that the intent of the plan is not lost and that the board will focus on policies addressing the CED plan's goals and objectives.



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